City of Springfield

Agenda

City Council

Ken McClure, Mayor

Zone Councilmembers	General Councilmembers
Monica Horton, Zone 1	Heather Hardinger, General A
Abe McGull, Zone 2	Craig Hosmer, General B
Brandon Jenson, Zone 3	Callie Carroll, General C
Matthew Simpson, Zone 4	Derek Lee, General D

March 25, 2024 **6:30 PM** **Regional Police-Fire Training Center**
2620 West Battlefield Road
Room 101, 102, and 103

Rules and procedures.

1. ROLL CALL.

2. APPROVAL OF MINUTES.

2.1. Approval of Minutes. March 11, 2024, City Council Meeting and March 19, 2024, Special City Council Meeting.

3. FINALIZATION AND APPROVAL OF CONSENT AGENDAS.
CITIZENS WISHING TO SPEAK TO OR REMOVE ITEMS FROM THE CONSENT AGENDAS MUST DO SO AT THIS TIME.

4. CEREMONIAL MATTERS.

5. CITY MANAGER REPORT AND RESPONSES TO QUESTIONS RAISED AT THE PREVIOUS CITY COUNCIL MEETING.

6. SECOND READING AND FINAL PASSAGE.
Citizens Have Spoken. May Be Voted On.

6.1. Council Bill 2024-043 (Jenson)
A general ordinance amending the Springfield Land Development Code, Section 36-306, ‘Official zoning map and rules for interpretation,’ by rezoning approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-Family to GR, General Retail with Conditional Overlay District No. 249; and adopting an updated Official Zoning Map. (By: South Creek Development Corporation; 3333 West Battlefield Road; Z-7-24 with Conditional Overlay District No. 249).

6.2. Council Bill 2024-044 (Horton)

A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.2 acres of property generally located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235; and adopting an updated Official Zoning Map. (By: Ozarks Technical Community College (OTC); 1115, 1117, & 1125 East Pythian Street and 1118, 1140, & 1146 East Scott Street and 1004, 1020, & 1032 North Hampton Avenue and 1001, 1013, 1017, & 1033 North National Avenue; Z-25-2023 with Conditional Overlay District No. 235).

6.3. Council Bill 2024-045 (Carroll)
A special ordinance authorizing the City Manager, or designee, on behalf of the City of Springfield, to enter into an agreement with U.S. Bank N.A. for banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program.

6.4. Council Bill 2024-046 (Carroll)
A special ordinance authorizing the City Manager, or designee, to enter into Addendum #1 to the annual agreement with the Springfield Convention & Visitors Bureau, Inc., executed on July 11, 2023; and amending the City's budget for Fiscal Year 2023-2024 in the amount of $159,810, for the purpose of reflecting current and projected operational changes of the Springfield Convention and Visitors Bureau.

6.5. Council Bill 2024-047 (Lee)
A general ordinance amending the Springfield City Code, Section 2-92, known as the "Salary Ordinance," relating to various job titles within the City service as contained in the Classifications of the Professional, Administrative and Technical Non-Union Schedule by amending said schedule to add two new job titles and delete one job title; and the Crafts, Trades and Labor Union Schedule by amending said schedule to add one new job title.

6.6. Council Bill 2024-048 (Simpson, Carroll, McGull, Hardinger)
A general ordinance amending Special Ordinance 27964 to revise funding appropriated for continuing COVID-19 services; amending the budget for Fiscal Year 2023-2024 to appropriate funds from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, for certain projects in the amount of $1,439,692, as recommended by the City Council ARPA Review Committee.

7. RESOLUTIONS.

8. EMERGENCY BILLS.

9. PUBLIC IMPROVEMENTS.

10. GRANTS. Citizens May Speak. May Be Voted On.

10.1. Council Bill 2024-051 (McGull)
A special ordinance authorizing the City Manager, or designee, to enter into Amendment No. 1 to House Bill 7 Funding Agreement 2024 with the State of Missouri Department of Economic Development for the purpose of accepting $120,000 appropriated by the Missouri General Assembly to support maintenance and improvements to Hammons Field.

11. AMENDED BILLS.

12. COUNCIL BILLS FOR PUBLIC HEARING.

Citizens May Speak. Not Anticipated To Be Voted On.

12.1. Council Bill 2024-052 (Horton, Jenson)
A special ordinance approving the Commercial-Pacific Street Redevelopment Plan submitted by the Commercial-Pacific Street Redevelopment Corporation for the redevelopment of an area generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue; declaring the area in the Commercial-Pacific Street Redevelopment Plan to be a blighted area and its redevelopment necessary for the preservation of public peace, prosperity, health, safety, morals, and welfare; authorizing certain tax abatement within the area of the Commercial-Pacific Street Redevelopment Plan; and authorizing the City Manager to execute an agreement with the Commercial-Pacific Street Redevelopment Corporation relating to the implementation of the Commercial-Pacific Street Redevelopment Plan.

12.2. Council Bill 2024-053 (Jenson)
A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 3.3 acres of property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, and 1506 West Meadowmere Street from R-SF, Residential Single-Family District to R-LD, Low-Density Multifamily Residential District with Conditional Overlay District No. 246; and adopting an updated Official Zoning Map. (By: Eoff Land Trust; 1330 South Kansas Avenue; Z-1-2024 with Conditional Overlay District No. 246)

13. FIRST READING BILLS.

14. PETITIONS, REMONSTRANCES AND COMMUNICATIONS.

15. NEW BUSINESS.

15.1. As per RSMo. 109.230 (4), City records that are on file in the City Clerk's office and have met the retention schedule will be destroyed in compliance with the guidelines established by the Secretary of State's office.

15.2. Refer consideration of new housing priority to the Community Involvement Committee.

16. UNFINISHED BUSINESS.

17. MISCELLANEOUS.

18. CONSENT AGENDA – FIRST READING BILLS.

19. CONSENT AGENDA – ONE READING BILLS. See Item #3.

19.1. Council Bill 2024-054 (Lee)
A resolution confirming the appointment of Wade Guffey and the reappointment of Bryan Pendleton and Brett Roubal to the Glenstone and Kearney Community Improvement District Board of Directors

20. CONSENT AGENDA – SECOND READING BILLS. See Item #3.

20.1. Council Bill 2024-049 (McGull)
A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of Valley Water Mill Estates, generally located at 1735 East Valley Water Mill Road, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: Triple S Properties, Inc.; 1735 East Valley Water Mill Road; Preliminary Plat of Valley Water Mill Estates).

20.2. Council Bill 2024-050 (McGull)
A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of MHC Kenworth Addition, generally located at 5500 East Farm Road 104, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: M-H Property Enterprises, LLC; 5500 East Farm Road 104; Preliminary Plat of MHC Kenworth Addition).

20.3. Confirm the following appointment to the Board of Adjustment: Billy Kimmons with term to expire January 1, 2027.

20.4. Confirm the following appointment to the Board of Adjustment: Anthony Brown with term to expire January 1, 2029.

20.5. Confirm the following appointment to the Board of Adjustment: Adam Holmes with term to expire January 1, 2027.

20.6. Confirm the following appointment to the Board of Adjustment: Marian Dee Ogilvy with term to expire January 1, 2028.

20.7. Confirm the following removal from the Board of Adjustment: Jin Chang based on failure to take the oath of office.

21. END OF CONSENT AGENDA.

22. ADJOURN.

City of Springfield

Minutes

City Council

Ken McClure, Mayor

Zone Councilmembers	**General Councilmembers**
Monica Horton, Zone 1	Heather Hardinger, General A
Abe McGull, Zone 2	Craig Hosmer, General B
Brandon Jenson, Zone 3	Callie Carroll, General C
Matthew Simpson, Zone 4	Derek Lee, General D

March 11, 2024	**6:30 PM**	**Regional Police-Fire Training Center 2620 West Battlefield Road Room 101, 102, and 103**

1. ROLL CALL.

Present: Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, Councilmember Jenson, and Mayor McClure. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee.

2. APPROVAL OF MINUTES.

2.1. Approval of Minutes. February 12, 2024, City Council Meeting, February 20, 2024, Special City Council Meeting, and the February 26, 2024, City Council Meeting.

Approval of Minutes. Councilmember McGull moved to approve the minutes of the February 12, 2024, City Council Meeting, February 20, 2024, Special City Council Meeting, and the February 26, 2024, City Council Meeting as presented. Councilmember Hardinger seconded the motion, and the minutes were approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

3. FINALIZATION AND APPROVAL OF CONSENT AGENDAS.

CITIZENS WISHING TO SPEAK TO OR REMOVE ITEMS FROM THE CONSENT AGENDAS MUST DO SO AT THIS TIME.

The Consent Agenda was approved as presented by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

4. CEREMONIAL MATTERS.

5. CITY MANAGER REPORT AND RESPONSES TO QUESTIONS RAISED AT THE PREVIOUS CITY COUNCIL MEETING.

Mr. Gage provided an update on the Jefferson Avenue Footbridge. He noted the north Springfield historic Jefferson Avenue Footbridge, shuttered to the public for eight years for safety concerns, would soon be given a second chance at a new chapter in history. The City of Springfield was soliciting bids from qualified contractors for the rehabilitation of the 122-year-old cantilever truss bridge. Bids would be accepted through 10:30 a.m. on Tuesday, April 9. Mr. Gage added an optional pre-bid conference meeting would be hosted for interested contractors at 2:00 p.m. on Tuesday, March 26, in the Busch Municipal Building Second Floor West Conference Room.

Mr. Gage noted the City of Springfield's Draft Fiscal Year 2025 Community Development Block Grant (CDBG) Annual Action Plan funding recommendations were available for public review and comment until 5:00 p.m. on April 3. Paper copies of the funding recommendations may be obtained at any of the branches of the Springfield-Greene County Library located within the city limits of Springfield, or via the City's website. Also, those interested in providing input regarding the City's development codes are encouraged to do so. Up-to-date information on the process may be located at ForwardSGF.com under the Top10 Initiatives header.

Mr. Gage noted the Springfield Fire Department was reaccredited by the Commission on Fire Accreditation International/Center for Public Safety Excellence on February 27 for meeting the criteria established through the Center's voluntary self-assessment and accreditation program. He added the department was first accredited in 2009, and this is its fourth reaccreditation cycle (20th year) as an accredited agency. Fewer than 1% of fire agencies worldwide are accredited.

Mr. Gage noted as of March 1, the Springfield Police Department expanded the minimum qualifications to be inclusive of more potential candidates, which allows additional aspiring police officers to apply and test to join the department. The resulting news stories about the change created a bump in applications.

Councilmember Horton acknowledged and congratulated the Central High School Bulldogs basketball team, a Zone 1 school, who would be representing the City in the State semi-finals. Mayor McClure wished the team the best of luck.

Councilmember McGull acknowledged the importance of the accreditation received by the Fire Department. He added a good fire rating reduces insurance premiums for homeowners.

6. SECOND READING AND FINAL PASSAGE.

Citizens Have Spoken. Except Item #6.1. Citizens May Speak to the Substitute Amendment Only. May Be Voted On.

6.1. Substitute Council Bill 2024-032 (Hardinger)

A special ordinance amending the General Fund budget for the City of Springfield, Missouri, for Fiscal Year 2023-2024, by appropriating carryover funds from Fiscal Year 2022-2023 and increasing expenses in the amount of $6,303,810.

Mayor McClure noted the substitute was adopted at the February 12, 2024, City Council meeting.

An opportunity was given for citizens to express their views on the substitute amendment. With no appearances, the public hearing was declared closed.

Ordinance 27967. Substitute Council Bill 2024-032 (Hardinger) was Passed by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

6.2. Council Bill 2024-039 (Jenson)

A special ordinance approving a Petition to Establish the Sunshine Towne Centre Community Improvement District; authorizing the City Manager, or designee, to execute a Cooperative Agreement between the City of Springfield, the Sunshine Towne Centre Community Improvement District, and Springfield West Partners, LLC; and directing the City Clerk to notify the Missouri Department of Economic Development and the Missouri State Auditor of the creation of the District.

Ordinance 27968. Council Bill 2024-039 (Jenson) was approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

7. RESOLUTIONS.

Citizens May Speak. May Be Voted On.

7.1. Council Bill 2024-041 (Hosmer)

A resolution authorizing the City Manager, or designee, to apply for up to $1,000,000 in grant funds from the United States Environmental Protection Agency for the Revolving Loan Fund Grant Supplemental Funding program to provide additional loans and subgrants for environmental cleanups in Springfield through the City's Brownfields Revolving Loan Fund.

Amanda Ohlensehlen, Director of Economic Vitality, provided a brief overview of the proposed. Ms. Ohlensehlen noted the proposed would allow the City to apply for up to $1 million in grant funds from the Environmental Protection Agency for revolving loan grant funding. She added the loans help incentivize environmental cleanups that improve community health, eliminate blight, and facilitate development. Ms. Ohlensehlen noted the applications could go to private entities or subgrants to non-profits and would be reviewed by a Brownfield's Committee for eligibility. Ms. Ohlensehlen noted the application would be due on March 15.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

Resolution 10748. Council Bill 2024-041 (Hosmer) was approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

7.2. Council Bill 2024-042 (Hosmer)
A resolution declaring the intent to utilize “design-build” as the project delivery method for biogas reclamation projects located at both the Springfield Noble Hill Landfill and the Southwest Wastewater Treatment Plant; and establishing project design criteria.

Erick Roberts, Assistant Director of Environmental Services, provided a brief overview of the proposed. Mr. Roberts noted the proposed would allow "design-build" to be utilized as the project delivery method for biogas reclamation projects at the Springfield Noble Hill Landfill and the Southwest Wastewater Treatment Plant. He added there was an opportunity to convert biogas at the landfill into renewable natural gas. Mr. Roberts noted the use of "design-build" would be expected to expedite construction activities and procurement of materials.

Councilmember McGull expressed his support for the project and asked the amount of recapture. Mr. Roberts responded approximately 2,000 to 3,000 cubic feet of gas per minute at the landfill and 400 to 1,000 at the treatment plant. Councilmember McGull asked for the nearest facility to Springfield that utilizes this process. Mr. Roberts responded the City has been using this process to produce electricity and heat at both facilities.

Councilmember Jenson asked if the natural gas that is captured would be sold back to the market. Mr. Roberts responded the goal would be to do this in the next two to three years. Councilmember Jenson asked why this method was chosen. Mr. Roberts responded State statute designates "design-build" as a method that is available to municipalities.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

Resolution 10749. Council Bill 2024-042 (Hosmer) was approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

8. EMERGENCY BILLS.

9. PUBLIC IMPROVEMENTS.

10. GRANTS.

11. AMENDED BILLS.

12. COUNCIL BILLS FOR PUBLIC HEARING.

Citizens May Speak. Not Anticipated To Be Voted On.

12.1. Council Bill 2024-043 (Jenson)

A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-Family to GR, General Retail with Conditional Overlay District No. 249; and adopting an updated Official Zoning Map. (By: South Creek Development Corporation; 3333 West Battlefield Road; Z-7-24 with Conditional Overlay District No. 249).

Bob Hosmer, Planning Manager, provided a brief overview of the proposed. Mr. Hosmer noted the proposed would allow for rezoning of approximately 4.3 acres located at 3333 West Battlefield to General Retail with Conditional Overlay District No. 249. He added the City Corridor placetype allows for commercial use.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

12.2. Council Bill 2024-044 (Horton)

A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.2 acres of property generally located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235; and adopting an updated Official Zoning Map. (By: Ozarks Technical Community College (OTC); 1115, 1117, & 1125 East Pythian Street and 1118, 1140, & 1146 East Scott Street and 1004, 1020, & 1032 North Hampton Avenue and 1001, 1013, 1017, & 1033 North National Avenue; Z-25-2023 with Conditional Overlay District No. 235).

Bob Hosmer, Planning Manager, provided a brief overview of the proposed. Mr. Hosmer noted the proposed would allow for rezoning of 4.2 acres located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue to Government and Institutional Use with Conditional Overlay District No. 235. He added the proposed is Ozarks Technical College (OTC) property. Mr. Hosmer noted the intended use would be for parking facilities and an institutional employment center at the location. He added a traffic study would be required.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

13. FIRST READING BILLS.

Citizens May Speak. Not Anticipated To Be Voted On.

13.1. Council Bill 2024-045 (Carroll)

A special ordinance authorizing the City Manager, or designee, on behalf of the City of Springfield, to enter into an agreement with U.S. Bank N.A. for banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program.

Jody Vernon, Assistant Director of Finance and Comptroller, provided a brief overview of the proposed. Ms. Vernon noted the proposed would allow the City to enter into an agreement with U.S. Bank N.A. for banking services. She added the City bids for banking services every five years, entering a one-year contract with four yearly renewals. Ms. Vernon noted four banks responded to the most-recent request for proposal. A committee of three Finance Department members evaluated the proposals based on the banks' experience with similar projects, expertise, resources to meet the City's needs, services and features available, online capabilities, and project approach and cost. She added U.S. Bank was selected for all services.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

13.2. Council Bill 2024-046 (Carroll)

A special ordinance authorizing the City Manager, or designee, to enter into Addendum #1 to the annual agreement with the Springfield Convention & Visitors Bureau, Inc., executed on July 11, 2023; and amending the City's budget for Fiscal Year 2023-2024 in the amount of $159,810, for the purpose of reflecting current and projected operational changes of the Springfield Convention and Visitors Bureau.

Mark Hecquet, President/CEO of the Springfield Convention and Visitors Bureau, provided a brief overview of the proposed. Mr. Hecquet noted the proposed would allow for an amendment to the 2023-2024 budget in the amount of $159,810, to reflect current and projected operation changes of the Springfield Convention and Visitors Bureau. He added the changes include receipt of funds from the Missouri Department of Tourism at an earlier date than usual, increases in advertising revenue, and a transfer from the fund balance. Mr. Hecquet noted changes have been implemented to set a solid foundation for the organization. He added the opening of the Fairgrounds complex has provided new opportunities.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

13.3. Council Bill 2024-047 (Lee)

A general ordinance amending the Springfield City Code, Section 2-92, known as the "Salary Ordinance," relating to various job titles within the City service as contained in the Classifications of the Professional, Administrative and Technical Non-Union Schedule by amending said schedule to add two new job titles and delete one job title; and the Crafts, Trades and Labor Union Schedule by amending said schedule to add one new job title.

Darla Morrison, Director of Human Resources, provided a brief overview of the proposed. Ms. Morrison noted the proposed would allow for the addition of two new job titles and deletion of one job title. She added the recommendations stem from job studies conducted by the Human

Resources Department and will assist the departments in their workforce needs. Ms. Morrison noted no budget adjustment would be necessary.

An opportunity was given for citizens to express their views. With no appearances, the public hearing was declared closed.

13.4. Council Bill 2024-048 (Simpson, Carroll, McGull, Hardinger)
A general ordinance amending Special Ordinance 27964 to revise funding appropriated for continuing COVID-19 services; amending the budget for Fiscal Year 2023-2024 to appropriate funds from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, for certain projects in the amount of $1,439,692, as recommended by the City Council ARPA Review Committee.

Collin Quigley, Deputy City Manager, provided a brief overview of the proposed. Mr. Quigley noted the proposed would allow for appropriation of the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act (ARPA) of 2021, for certain projects in the amount of $1,439,692, as recommended by the City Council ARPA Review Committee. He added the ARPA Committee met on February 15 and recommended the funds be allocated in the amount of $534,190 to the Historic City Hall renovation and $905,502 to the Cooper/Killian Park project. Mr. Quigley noted both projects have a variety of funding sources.

Councilwoman Horton asked if the two projects would be fully funded if the proposed was approved. Mr. Quigley responded the allocation for Historic City Hall was based on the Construction Manager At Risk estimate, and the final cost would not be known until the elements are bid. Mr. Quigley noted the allocation for the Cooper/Killian Park was based on Phase 3 of the project, which is approximately one-third of what would be needed for completion. He added ARPA funds must be designated in Calendar Year 2024, and the projects must be built by 2026.

Councilmember Jenson asked how much ARPA funding had been allocated to the Cooper/Killian Sports Complex. Mr. Quigley responded the City's prior ARPA allocation was $7.3 million. He added the allocation would include improvements to the complex.

Councilmember Jenson asked how much ARPA funding had been allocated to projects for housing and homelessness. Mr. Quigley responded a total of approximately $9.6 million from City ARPA funds was provided for non-congregate shelter, Community Partnership of the Ozarks Day Center, Connecting Grounds Respite Care and Outreach, Affordable Housing Homeownership RFP, City-Wide Housing Study, RestoreSGF Housing Program for affordable housing, and the Council of Churches Congregate Shelter. He added CDBG ARPA funds provided added approximately $5.3 million.

An opportunity was given for citizens to express their views.

Alice Barber, a leader with Springfield Tenants Unite, addressed City Council. Ms. Barber expressed her concern with the City's priorities regarding the remaining ARPA funds. She expressed her belief the allocation for parks would serve to attract tourism. Ms. Barber expressed her belief allocation of remaining ARPA funds to housing and homelessness would better serve citizens of Springfield. Ms. Barber asked City Council to prioritize housing first.

Elvester Kennedy addressed City Council. Mr. Kennedy asked City Council to table the bill and prioritize housing. He added there were many agencies working to keep individuals in safe and healthy homes that could use the funding.

Sarah Barnts addressed City Council. Ms. Barnts expressed her belief people should be prioritized over profits. She expressed her belief poverty prevents individuals from utilizing the parks and sports complex. Ms. Barnts expressed her belief that prioritizing funding to address systemic challenges improves lives.

Kim Painter did not appear to address City Council.

Correna Jane, a leader for Springfield Tenants Unite, addressed City Council. Ms. Jane expressed her belief it is important to prioritize the needs of the community members who are most vulnerable. She added her belief it would be more beneficial to use funds on housing and homelessness.

With no further appearances, the public hearing was declared closed.

14. PETITIONS, REMONSTRANCES AND COMMUNICATIONS.

14.1. Nathan Madden wishes to address City Council.

Nathan Madden did not appear to address City Council.

14.2. Paul Choate wishes to address City Council.

Paul Choate did not appear to address City Council.

14.3. Brooks Williams wishes to address City Council.

Brooks Williams did not appear to address City Council.

14.4. Sean Carrell wishes to address City Council.

Sean Carrell addressed City Council. Mr. Carrell expressed his belief the homeless community issues need to be addressed. He noted there were many barriers for homeless individuals.

15. NEW BUSINESS.

15.1. As per RSMo. 109.230 (4), City records that are on file in the City Clerk's office and have met the retention schedule will be destroyed in compliance with the guidelines established by the Secretary of State's office.

15.2. The City Manager recommends the following appointment to the Board of Adjustment: Billy Kimmons with term to expire January 1, 2027. Recommended.

15.3. The City Manager recommends the following appointment to the Board of Adjustment: Anthony Brown with term to expire January 1, 2029. Recommended.

15.4. The City Manager recommends the following appointment to the Board of Adjustment: Adam Holmes with term to expire January 1, 2027. Recommended.

15.5. The City Manager recommends the following appointment to the Board of Adjustment: Marian Dee Ogilvy with term to expire January 1, 2028. Recommended.

15.6. The City Manager recommends the following removal from the Board of Adjustment: Jin Chang based on failure to take the oath of office. Recommended.

16. UNFINISHED BUSINESS.

17. MISCELLANEOUS.

18. CONSENT AGENDA – FIRST READING BILLS. See Item #3.

18.1. Council Bill 2024-049 (McGull)
A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of Valley Water Mill Estates, generally located at 1735 East Valley Water Mill Road, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: Triple S Properties, Inc.; 1735 East Valley Water Mill Road; Preliminary Plat of Valley Water Mill Estates).

18.2. Council Bill 2024-050 (McGull)
A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of MHC Kenworth Addition, generally located at 5500 East Farm Road 104, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: M-H Property Enterprises, LLC; 5500 East Farm Road 104; Preliminary Plat of MHC Kenworth Addition).

19. CONSENT AGENDA – ONE READING BILLS.

20. CONSENT AGENDA – SECOND READING BILLS. See Item #3.

20.1. Council Bill 2024-040 (Hardinger)
A special ordinance authorizing an agreement between the City of Springfield, City Utilities, Greene County, and Jasper County Emergency Services for the purpose of providing law enforcement and public safety communications through the Trunked Radio System; and authorizing the City Manager, or designee, to execute said Agreement.

Ordinance 27969. Council Bill 2024-040 (Hardinger) was approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent:

Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

21. END OF CONSENT AGENDA.

22. ADJOURN.

Councilmember Carroll moved to adjourn. Councilmember Hardinger seconded the motion, and it was approved by the following vote: Ayes: Councilmember Jenson, Councilmember Horton, Councilmember McGull, Councilmember Hardinger, Councilmember Carroll, and Mayor McClure. Nays: None. Absent: Mayor Pro Tem Simpson, Councilmember Hosmer, and Councilmember Lee. Abstain: None.

March 19, 2024
Springfield, Missouri

The City Council met in special session on March 19, 2024, in the Councilman Denny Whayne Conference Room on the 4th Floor of the Busch Municipal Building. The meeting was called to order by Mayor Ken McClure.

Roll Call

Present: Monica Horton, Abe McGull, Matthew Simpson, Craig Hosmer, Heather Hardinger, Derek Lee, and Ken McClure. Absent: Brandon Jenson and Callie Carroll.

Closed Session

Councilmember Hosmer moved City Council hold a closed meeting to discuss legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys pursuant to Section 610.021(1), RSMo.; and preparation, including any discussions or work product, on behalf of a public governmental body or its representatives for negotiations with employee groups pursuant to Section 610.021(9), RSMo.; and this meeting, record, and vote shall be closed and the City Council shall stand adjourned at the end of the closed session.

Mayor Pro Tem Simpson seconded the motion, and it was approved by the following vote: Ayes: Horton, McGull, Simpson, Hosmer, Hardinger, Lee, and McClure. Nays: None. Abstain: None. Absent: Jenson and Carroll.

Prepared by
Michelle Brown

Anita J. Cotter, CMC/MRCC
City Clerk

EXPLANATION TO COUNCIL BILL 2024-043 (JENSON)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Planning and Development

TITLE: A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-Family to GR, General Retail with Conditional Overlay District No. 249; and adopting an updated Official Zoning Map. (By: South Creek Development Corporation; 3333 West Battlefield Road; Z-7-24 with Conditional Overlay District No. 249).

PURPOSE: Amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249. (Staff and Planning and Zoning Commission recommend approval.)

BACKGROUND INFORMATION: ZONING CASE NUMBER Z-7-2024/ CONDITIONAL OVERLAY DISTRICT NO. 249

The applicant is requesting to rezone approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249. The applicant intends to build a small office development.

REMARKS:

The Planning and Zoning Commission held a public hearing on February 15, 2024, and recommended to **approve**, by a vote of 7 to 0.

The Planning and Development staff recommends the application be **approved** (see the attached Development Review Staff Report).

FINDINGS FOR STAFF RECOMMENDATION:

1. The applicant is requesting to rezone approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249.

2. This application is consistent with the City Corridor placetype which predominantly consists of commercial and service-related development varying in scale, ranging from

standalone businesses to large retail centers. City Corridors are also key locations to support and encourage multi-family developments that rely on proximity to retail, commercial services, and employment centers. Each of these use groups are best located along major roadways with high volumes of traffic. This placetype is not only highly accessible by car, but also by walking, biking, and transit.

3. The proposed COD will require the installation of perimeter landscaping for any change of use, building permit or subdivision of the property which is intended to further the goals of the Comprehensive Plan recommendation to actively enhance landscaping in the City Corridor placetype.

4. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

5. There are few changing conditions in the area affected that make the proposed rezoning necessary. Minor development of property within the vicinity has been occurring.
6. The range of uses in the proposed GR district is compatible with the uses permitted on other property in the immediate vicinity.

7. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

8. The impact of the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic, or reduce traffic safety in the vicinity.

9. The proposed zoning will not correct an error in the application of this article, but rather will provide a viable use of the property subject to the provisions of the zoning district.

10. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

STAFF RECOMMENDATION:

1. Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's City Corridor placetype and on the finding of facts above.

Submitted By: Michael Sparlin, Senior City Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. Z-7-2024 COD 249 _ ord
2. COD_exh A
3. LEGAL DESCRIPTION_exhB
4. ROP_exhC
5. Z-7-2024 COD 249 SR

One-rdg. _____
P. Hrngs. ___X_____
Pgs. _____24_____
Filed: ____03-05-24_____

Sponsored by: ____Jenson_____

First Reading: _____ Second Reading: _____

COUNCIL BILL ____2024-043_____ GENERAL ORDINANCE_____

AN ORDINANCE

AMENDING the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-Family to GR, General Retail with Conditional Overlay District No. 249; and adopting an updated Official Zoning Map.

WHEREAS, an application has been filed for a zoning change of the property generally located at 3333 West Battlefield Road from R-SF, Residential-Single-Family to GR, General Retail with Conditional Overlay District No. 249; and

WHEREAS, Conditional Overlay District No. 249 shall modify the requirements of the Springfield Land Development Code Section 36-421, General Retail District, by requiring that the property described in "Exhibit B" comply with the requirements described in "Exhibit A" attached herein; and

WHEREAS, following proper notice, the Planning and Zoning Commission held a public hearing on February 15, 2024, a copy of the Record of Proceedings from said public hearing being attached hereto and incorporated herein by this reference as "Exhibit C," and said Commission made its recommendation; and

WHEREAS, the City has reviewed the applicant's request and prepared a staff report concerning the application, which is attached hereto and incorporated herein by this reference as "Exhibit D"; and

WHEREAS, proper notice was given of a public hearing before City Council, and said hearing was held in accordance with the law.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The property described in "Exhibit B," which is attached hereto and

incorporated herein by this reference, is hereby rezoned from R-SF, Residential Single-Family to GR, General Retail with Conditional Overlay District No. 249. Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' is hereby amended, changed, and modified consistent with this Ordinance.

Section 2 – City Council hereby establishes Conditional Overlay District No. 249, which shall contain the requirements and standards provided in "Exhibit A," which is attached hereto and incorporated herein by this reference as though set forth herein. The requirements of Conditional Overlay District No. 249 shall modify the requirements of the Springfield Land Development Code Section 36-421, General Retail District, by requiring the property described in "Exhibit B" to comply with the requirements contained in "Exhibit A."

Section 3 – City Council hereby directs the City Manager, or designee, to update the City's digital zoning map to reflect this rezoning, and City Council adopts the map thereby amended as the Official Zoning Map of Springfield, Missouri, as provided for in the Springfield Land Development Code, Section 36-306, 'Official zoning maps and rules of interpretation.'

Section 4 – The Official Zoning Map herein adopted shall be maintained and archived in the same digital form in which this Council has approved its adoption.

Section 5 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Gage, City Manager

EXHIBIT A

CONDITIONAL OVERLAY DISTRICT PROVISIONS NO. 249

The requirements of Section 36-421 of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. Perimeter landscaping shall be provided along Battlefield Road for any change of use, building permit or subdivision of the property. The plantings within the perimeter landscape area shall consist of at least one canopy tree, two understory, ornamental, or evergreen tree and four shrubs per 100 linear feet of street frontage.

EXHIBIT B

LEGAL DESCRIPTION
ZONING CASE Z-7-2024 COD No. 249

A TRACT OF LAND LOCATED IN THE WEST HALF (W 1/2) OF LOT ONE (1) OF THE NORTHWEST FRACTIONAL QUARTER (NW FRL. 1/4) OF SECTION FOUR (4), TOWNSHIP TWENTY-EIGHT (28), RANGE TWENTY-TWO (22), DESCRIBED AS FOLLOWS :

COMMENCING AT THE SOUTHWEST CORNER OF NORTHWEST FRACTIONAL 1/4, SECTION 4, TOWNSHIP 28 NORTH, 22 WEST; THENCE, S89°53'48"E ALONG THE SOUTH LINE OF THE SAID SOUTHWEST 1/4, NORTHWEST 1/4 A DISTANCE OF 669.85 FEET FOR A POINT OF BEGINNING;

THENCE, N00°06'12" E 50.00 FEET;

THENCE N43°57'33" E 376.66 FEET TO A POINT ON NON-TANGENT CURVATURE TO THE LEFT;

THENCE, ALONG SAID NON-TANGENT CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 0°57' 04", WITH A RADIUS OF 565.00 FEET AND A CHORD BEARING OF N38°46' 14"W, AN ARC DISTANCE OF 9.38 FEET.

THENCE, N51°31' 16"E 56.40 FEET; THENCE, S63°25' 21"E 21.26 FEET;

THENCE, S89°51' 19"E 349.26 FEET TO THE EAST LINE OF W 1/2 LOT 1 NORTHWEST FRACTIONAL 1/4;

THENCE, S00°05' 20"W ALONG THE SAID EAST LINE 354.35 FEET TO THE SOUTH LINE OF THE SAID SOUTHWEST 1/4, NORTHWEST 1/4;

THENCE N89°53' 48"W ALONG THE SAID SOUTH LINE 667.55 FEET TO THE POINT OF BEGINNING.

CONTAINING 4.42 ACRES, MORE OR LESS. SUBJECT TO THAT PART TAKEN, USED, OR DEEDED FOR ROAD PURPOSES.

EXHIBIT C

RECORD OF PROCEEDING

Z-7-2024 COD 249
3333 West Battlefield Road
Applicant: South Creek Development Corp.

Mr. Sparlin stated that this is a request to rezone approximately 4.3 acres of property from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249.

Mr. Knuckles asked about the access to the two tracks.

Mr. Sparlin noted that it is viewed as one property and whenever the subdivision comes along then it will be split into two lots and access to the development will come off the access road, not Battlefield Road.

Mr. Tim Guillot, 1736 E. Sunshine, stated that their goal is to develop a small building on the west side of Carver Road.

Mr. Knuckles asked there are plans to divide the east portion into a lot.

Mr. Guillot could not commit as the owner was not available.

Ms. Broekhoven closed the public hearing.

COMMISSION ACTION:
Planning and Zoning Commission Board Member Knuckles moved to approve Z-7-2024 COD 249, Commissioner Lebeck seconded the motion. It **Passed** with the following vote: Ayes: Commissioner Ridge, Commissioner Broekhoven, Commissioner Gunther, Commissioner Pauly, Commissioner Lebeck, Commissioner Colony, Commissioner Knuckles. Nays: None. Absent: Commissioner Scott. Abstain: None.

Bob Hosmer, AICP
Planning Manager

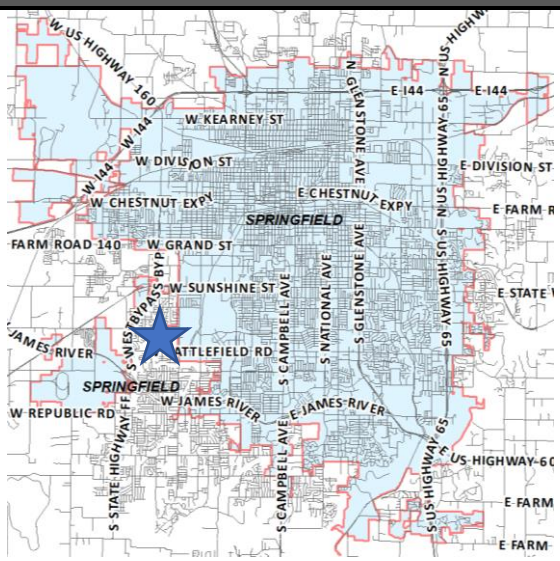
DEVELOPMENT REVIEW STAFF REPORT

PROJECT INFORMATION

Case Number:	Z-7-2024 with Conditional Overlay District No. 249
Location:	3333 West Battlefield Road
Total Acres:	4.3 acres
Applicant:	South Creek Development Corporation
Existing Land Use:	Undeveloped land
Neighborhood Meeting:	January 25, 2024
Planning and Zoning Commission:	February 15, 2024
City Council:	March 11, 2024
Public Notification:	Mail, posted property, and legal in Daily Events
Staff:	Michael Sparlin, Senior Planner
Staff recommendation:	Staff recommends approval
Proposed motion:	I move to recommend approval of rezoning case Z-7-2024 with Conditional Overlay District No. 249 as set forth in Attachment 1 (All commission motions are made in the affirmative).
Required Vote:	A majority of those present (5 members are a quorum).

PROJECT SUMMARY:

Request to rezone approximately 4.3 acres of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249.

LOCATION MAP	ZONING MAP
	

DEVELOPMENT REVIEW STAFF REPORT

GOOGLE AERIAL OF LANDMARKS, BUSINESSES, AND ATTRACTIONS:

GOOGLE STREETVIEW:

DEVELOPMENT REVIEW STAFF REPORT

PROPERTY HISTORY:

The subject property was zoned R-SF in the 1995 city-wide remapping.

PLANNING AND ZONING COMMISSION AUTHORITY:

Sec. 36-367. – Amendments

(7) Findings by the commission.

(a) Rezonings. If the application is for a reclassification of property to a different zoning district classification on the zoning map, the report of the planning and zoning commission may consider:

1. Whether the proposed zoning district classification is consistent with the Springfield Comprehensive Plan;
2. Whether there are any changed or changing conditions in the area affected that make the proposed rezoning necessary;
3. Whether the range of uses in the proposed zoning district classification are compatible with the uses permitted on other property in the immediate vicinity;
4. Whether adequate utility and sewer and water facilities exist or can be provided to serve the uses that would be permitted on the property if it were rezoned;
5. The impact the uses, which would be permitted if the property were rezoned, will have upon the volume of vehicular and pedestrian traffic and traffic safety in the vicinity;
6. Whether the proposed rezoning would correct an error in the application of this article as applied to the subject property;
7. Whether a reasonably viable economic use of the subject property will be precluded if the proposed rezoning is denied; and
8. Information submitted at the public hearing.

ZONING ORDINANCE REQUIREMENTS:

CODE ITEM	REQUIREMENTS FOR GR DISTRICT
Use Limitations	(a) All outdoor automobile parking areas used for the purpose of retail or wholesale storage or sale of motorized or commercial vehicles shall be prohibited. Other outdoor activities that are not specifically permitted may only be allowed as an accessory use to the permitted uses as provided in subsection 36-421(2), permitted uses, as follows: 1. If any portion of the premises abuts any residential zoning district, the outdoor activities may be permitted, provided they meet the provisions of, and a conditional use permit is issued pursuant to Section 36-363, conditional use permits, of this article. A building permit(s) showing compliance with all applicable codes and ordinances may be required as determined by the director of building development services. 2. If the premises abuts only nonresidential zoning districts, the outdoor activities may be permitted. A conditional

	use permit will not be required. A building permit(s) showing compliance with all applicable codes and ordinances may be required as determined by the director of building development services. (b) No outdoor storage except as provided in subsection 36-421(2), permitted uses, and subsection 36-421(3), conditional uses. (c) All uses shall operate in accordance with the noise standards contained in section 36-485, noise standards. (d) No use shall emit an odor that creates a nuisance as determined by Springfield City Code. (e) Uses on parcels not served by public water and public sewer shall meet the requirements of subsection 36-303(22). (f) Streets through an adjacent residential area shall not be used to provide principal access for truck traffic to any nonresidential use in this district except on streets classified as expressways, arterials, or collectors.
Minimum Lot Size	Not applicable to the GR, General Retail District
Maximum Height	Not applicable to the GR, General Retail District
Bulk Plane	All structures shall remain below a 30-degree bulk plane as measured from the boundaries of R-SF or R-TH districts.
Minimum Yard Requirements	Front yards – 25 feet when fronting on a street classified as collector or higher, or as required by Section 36-453, Supplemental open space, and yard regulations. 15 feet when fronting a street classified as local, or as required by Section 36-453. The front yard setback may be reduced below the minimum required above if a Conditional Use Permit is approved in accordance with Section 36-363, Conditional use permits, or if a preliminary plat is approved in accordance with the City's subdivision regulations. Side yards – None, except as required by Section 36-453 and the bufferyard requirements contained in Section 36-482, Landscaping and bufferyards. Rear yards – None, except as required by the bufferyard requirements contained in Section 36-482.
Minimum Open Space	Not less than 20 percent of the gross site area shall be devoted to open space, including required yards and bufferyards unless modified in accordance with subsection 36-482 (15). Open space shall not include areas covered by buildings, structures, parking, storage, loading and other paved areas and internal streets or areas containing plants for display and sale. Open space shall contain living ground cover and other landscaping materials.
Design Requirements	(a) A site plan, meeting the requirements of Section 36-360, Site plan review, shall be submitted and approved.

	(b) A landscape plan, meeting the requirements of Sections 36-482 and 36-483, Off-street parking and loading design standards, shall be submitted, and approved. (c) Off-street parking and vehicular use areas shall be screened from all residential uses, in accordance with Section 36-480, Screening and fencing. (d) Refuse storage areas shall be screened from view in accordance with Section 36-480. (e) Mechanical and electrical equipment, including air conditioning units, shall be screened from view in accordance with Section 36-480. (f) Lighting shall be designed to reflect away from any adjacent residential area and in accordance with Section 36-484, Lighting standards. (g) Accessory buildings and structures shall meet the requirements of Section 36-450, Accessory structures and uses.
Buffering and Landscaping	Future development must comply with the interior and perimeter landscaping requirements, as applicable to a future site plan, per subsections 36-482 (9) (a) and (b), unless the property owner opts to utilize the point system described in subsection 36-482 (10) instead. Based on the proposed zoning for the subject area and the zoning of its neighbors, a Bufferyard Type F will be required along the north and west property line where adjacent to property zoned R-SF, Single-Family Residential District.

COMPATIBILITY WITH COMPREHENSIVE PLAN:

PLACETYPE:

*The subject property has not been mapped due to a mapping error. However, the adjacent property along Battlefield Road is within the City Corridor placetype. It has been determined by staff that the subject property is also within the City Corridor placetype given the pattern in the area.

The *Comprehensive Plan's Land Use & Development* chapter identifies the subject property within the City Corridor placetype.

The City Corridor placetype predominantly consists of commercial and service-related development varying in scale, ranging from standalone businesses to large retail centers. City Corridors are also key locations to support and encourage multi-family developments that rely on proximity to retail, commercial services, and employment centers. Each of these use groups are best located along major roadways with high volumes of traffic. This placetype is not only highly accessible by car, but also by walking, biking, and transit. City Corridors provide a wide range of shopping, service, entertainment, and employment destinations for

both residents and visitors. Common uses within the placetype include chain restaurants, gas stations, hotels, national retailers, movie theaters, smaller offices, and a variety of support services.

Primary Land Uses:

- Office, hospitality, retail sales and service
- Multi-family
- Sports complexes and recreation facilities
- Maker, artisan, and innovation spaces

Supporting Land Uses:

- Public and private schools and places of worship
- Parks, greenways, and open space
- Urban agriculture
- Universities, colleges, and vocational schools
- Personal and outdoor storage

Characteristics

TRANSPORTATION & INFRASTRUCTURE

- Access management is improved for vehicles through curb cut consolidation and cross-access between commercial properties, reducing traffic conflicts and backups.
- Electric vehicle charging facilities, pedestrian and bicycle infrastructure, and automated vehicle parking and loading spaces are integrated along major corridors, installed at key destinations, and incorporated into private development plans.
- As technology, trends, and funds permit, utilities are buried or consolidated along rear property lines, reducing conflicts with street trees, pedestrian infrastructure, and viewsheds.
- Transit service is expanded along key commercial corridors over the long term with bus stops enhanced with shelters and live timetables.

URBAN DESIGN - BUILDING AND SITE TYPOLOGY:

- Residential development and commercial buildings should be oriented to the street.
- Parking should be located behind or beside the primary buildings with abundant landscaping and screening to encourage greater interest and interaction between the adjoining street and the building, that contributes to community-wide quality of place.
- Pedestrian pathways within large parking lots provide safe access to business entrances.
- A greater focus on site design, parking access, massing, and building orientation are adopted to ensure development that is complementary to adjacent lower density residential development.
- Multi-story buildings designed with active ground floor spaces should be visible and inviting to increase a vibrant pedestrian environment.
- Use of quality materials, construction methods, workmanship, and design should be incorporated into new development and redevelopment.

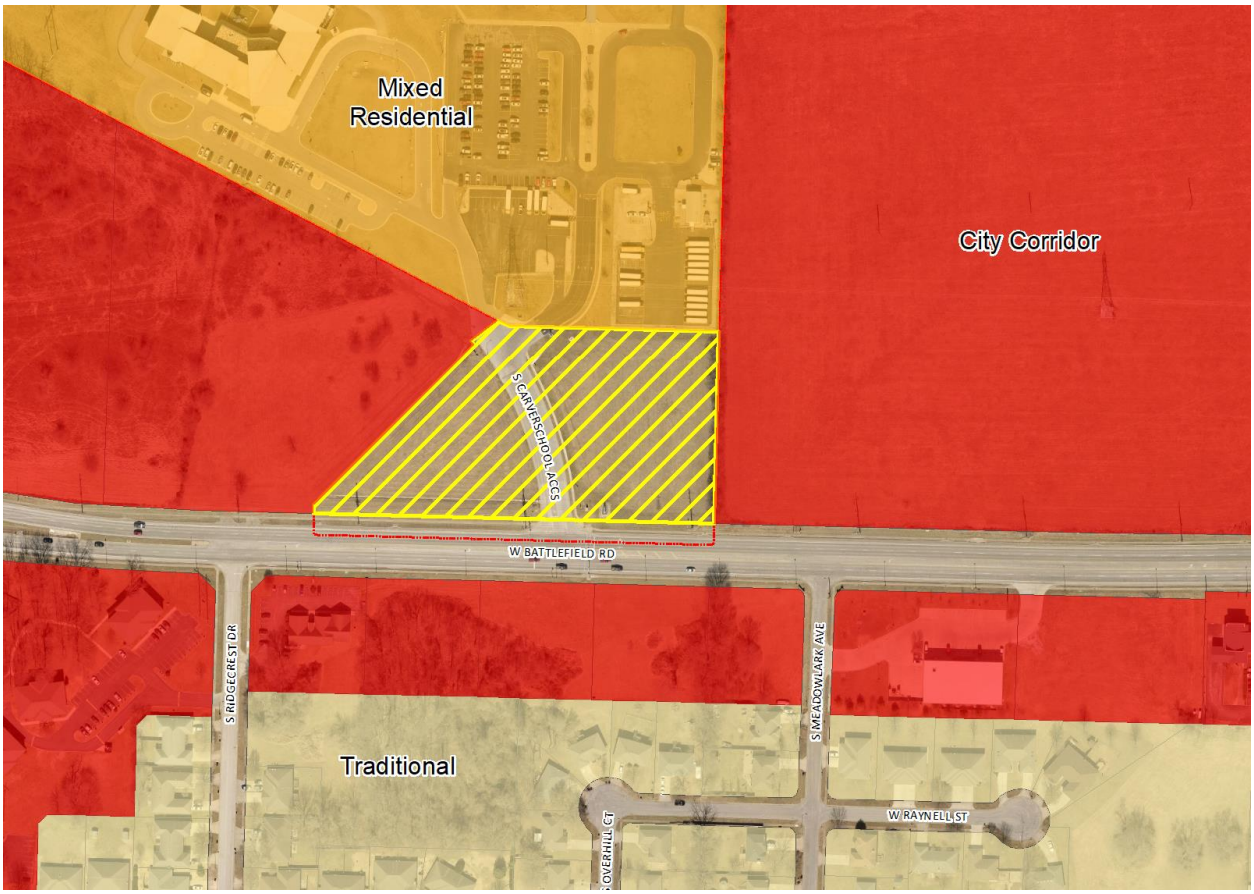
- A mix of building heights is supported through structured site and building design strategies to soften the impact on adjacent lower intensity residential development.
- Lighting, landscaping, signage, mail, and delivery accommodations should also be proactively incorporated into the site design.
- Design should avoid the placement of mechanical equipment along major roadways or should be completely screened, along with adequate spacing for storage of waste receptacles.
- Best management practices for stormwater management are required in development projects and within public rights-of-way, such as permeable paving, rain gardens, green roofs, native landscaping, and other low impact design strategies.
- Encourage code adjustments regarding parking minimums instead of parking maximums.

TRANSITIONS:

- Office and multifamily uses can be placed on the periphery of the placetype to transition into adjacent lower density residential Placetypes.
- Higher density residential development should be integrated along existing commercial corridors in need of reinvestment, transitioning aging commercial properties to new uses and focusing future commercial development at high activity nodes.
- Commercial and higher density residential is sufficiently screened and buffered between low-density residential development.
- Multi-story buildings should be sited and designed to reduce the impact on adjacent lower intensity residential development.

DEVELOPMENT REVIEW STAFF REPORT

FUTURE PLACETYPE MAP:



LAND USES

PLACETYPES	Single-Family Detached	Single-Family Attached	Multi-family	Parks & Open Space	Sports Complexes & Recreational Facilities	Urban Agriculture	Office Hospitality, Retail Sales & Service	Neighborhood Commercial	Maker, Artisan & Innovation Spaces	Public & Private Schools & Places of Worship	Universities, Colleges & Vocational Schools	Government, Healthcare & Institutional Facilities	Personal Storage, Outdoor Sales & Service	Light Industry	Warehousing & Distribution Facilities	Heavy Industry & Manufacturing	Airport, Railroad & Freight Facilities
Residential Neighborhood	●	○	◇	○		◇		◇		○							
Mixed Residential	●	●	●	○		◇		◇		○							
Downtown			●	○	○	○	●		●	○	○	○					
Mixed-Use	○	○	●	○	○	○	●		●	○							
City Corridor			●	○	●	○	●		●	○	○	●	○				
Institutional & Employment Center			○	○	○	○	○		○	○	●	●					
Business Flex				○	○	○	○		●		○	○	●	●	●		○
Industry & Logistics				○		○	○		○		○		○	●	●	●	●
Urban Green Space & Recreation				●	●	○											

● **Primary Land Use:** More prominent and play a pivotal role in characterizing that placetype

○ **Supporting Land Use:** Less prevalent and serve to support the primary land use.

◇ **Low Intensity Supporting Land Use:** Less prevalent and serve to support the primary use at neighborhood scale

DEVELOPMENT REVIEW STAFF REPORT

MAJOR THOROUGHFARE MAP:

SURROUNDING ZONING, LAND USES AND PLACETYPES:

	NORTH	SOUTH	EAST	WEST
ZONING	R-SF	County PAD	County M-2	County PAD
LAND USE	Carver Middle School	Office use, undeveloped land	Office uses, Single-family residence	Restaurant
PLACETYPES	Traditional neighborhood	City Corridor	City Corridor, Traditional neighborhood	City Corridor, Traditional neighborhood

DEPARTMENT OF BUILDING DEVELOPMENT SERVICES:

No comments.

DEVELOPMENT REVIEW STAFF REPORT

CITY UTILITIES:

No issues

DEPARTMENT OF ENVIRONMENTAL SERVICES WASTEWATER MANAGEMENT DIVISION:

No issues. Tract has access to public sewer.

FIRE DEPARTMENT:

No objections to rezoning.

DEPARTMENT OF PUBLIC WORKS TRAFFIC ENGINEERING DIVISION:

	Street Name	Street Classification	Jurisdiction	ROW from Centerline (ft.)		Traffic Count (vehicles per day)	On-Street Parking	Sidewalk	
				Required	Existing			Required	Existing
Street 1	W. Battlefield Road	Primary Arterial	County	50	50	NA	No	Yes	Yes

ACCESS - All new or modified driveway approaches shall comply with current City of Springfield standards for the street classification.

TRAILS, BUS STOPS, AND ADDITIONAL INFORMATION - The South Creek Greenway Trail is near the property. There are no bus stops near the property.

IMPROVEMENTS - No improvements are required for this rezoning. A traffic study may be required at time of development.

DEPARTMENT OF PUBLIC WORKS STORMWATER ENGINEERING DIVISION:

SITE DESCRIPTION & DRAINAGE PATTERN
No existing detention or water quality Stormwater Control Measures are present. The property is in the **South Creek** drainage basin. The property **is not** located in a FEMA designated floodplain. Staff **is not** aware of flooding problems in the local or downstream area. The city **is not** aware of a sinkhole or other Karst feature at this location. The property **does not have a stream buffer on site.**
A fee in lieu of on-site stormwater detention **will not be allowed and detention is required.**

PW Stormwater has no concerns for the proposed rezoning from RSF to GR. The submitted application does not have a site plan, but no mention of future development is made. Please note that development of the property will be subject to the following conditions at the time of development:

DEVELOPMENT REVIEW STAFF REPORT

All chapter and section references below are to the City's Flood Control and Water Quality Protection Manual Version April 2022.

DETENTION AND DISCHARGE REQUIREMENTS

1. Detention is required at time of development; no fee in lieu of detention application is permissible. The site drains through a channel that discharges to the west property, any impervious area increase needs to maintain the current flowrate of discharge. Any development or redevelopment that increases runoff, through the increase in impervious surface, current detention requirements must be met per Chapter 3 Sec. 2.3.3.

WATER QUALITY REQUIREMENTS

1. Water Quality is required for new development projects or redevelopment projects, with new or increased impervious surfacing, within the city limits of Springfield that disturb 1 acre or greater. Including projects less than 1 acre that are part of a larger common plan of development or sale that will disturb 1 or more acres over the life of the project. Chapter 10 Sec. 2.0.

2. A land disturbance permit will be required with disturbing 1 acre or greater per Chapter 4 Section 5 of the City's Flood Control and Water Quality Protection Manual.

FLOODPLAIN

N/A

NATURAL CHANNEL & STREAM BUFFERS

N/A

SINKHOLES & KARST FEATURES

1. There are no sinkholes on the property. The southern end of the property is within the sinkhole watershed of Sinkhole S134 at 3050 S Ridgecrest Dr. However, the Battlefield Rd and Channel on 3333 W Battlefield Rd changes the drainage pattern and sends the runoff to the west. This is another requirement for detention and not allowing a fee in lieu of detention application.

ADDITIONAL STORMWATER REQUIREMENTS

1. Operation and maintenance agreements are required for any permanent stormwater control measures. O&M will need to be approved during the process and will be reviewed by ES-Water Quality per Chapter 12 Sec. 3.0.

a. As-builts of the detention and water quality improvements are required. we would like the following as-built notes on the plans:

The Engineer of record is required to submit an as-built certification of the stormwater control measures upon completion of the project. The contractor shall coordinate with the Engineer to identify the list of stormwater control measures requiring certification and coordinate during construction to allow the Engineer to make any observations necessary during construction to certify the measures.

DEVELOPMENT REVIEW STAFF REPORT

STAFF ANALYSIS AND RECOMMENDATION:

1. The applicant is requesting to rezone approximately 4.3 acres Of property generally located at 3333 West Battlefield Road from R-SF, Residential Single-family to GR, General Retail with Conditional Overlay District No. 249.

2. This application is consistent with the City Corridor placetype which predominantly consists of commercial and service-related development varying in scale, ranging from standalone businesses to large retail centers. City Corridors are also key locations to support and encourage multi-family developments that rely on proximity to retail, commercial services, and employment centers. Each of these use groups are best located along major roadways with high volumes of traffic. This placetype is not only highly accessible by car, but also by walking, biking, and transit.

3. The proposed COD will require the installation of perimeter landscaping for any change of use, building permit or subdivision of the property which is intended to further the goals of the Comprehensive Plan recommendation to actively enhance landscaping in the City Corridor placetype.

4. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

5. There are few changing conditions in the area affected that make the proposed rezoning necessary. Minor development of property within the vicinity has been occurring.

6. The range of uses in the proposed GR district is compatible with the uses permitted on other property in the immediate vicinity.

7. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

8. The impact of the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic, or reduce traffic safety in the vicinity.

9. The proposed zoning will not correct an error in the application of this article, but rather will provide a viable use of the property subject to the provisions of the zoning district.

10. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

STAFF RECOMMENDATION:

1. Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's City Corridor placetype and on the finding of facts above.

PLANNING AND ZONING OPTIONS:

The planning and zoning commission shall make one of the following recommendations in connection with each proposed change in zoning district classification of this article:

1. Recommend against the proposed change in the zoning district classification.
2. Recommend a change in the zoning district classification.
3. Recommend a change in the zoning district classification together with recommendations which, in the judgment of the planning and zoning commission, will protect adjacent property and ensure that the proposed amendment is consistent with the purpose and intent of this article.

DEVELOPMENT REVIEW STAFF REPORT

ATTACHMENT 1

CONDITIONAL OVERLAY DISTRICT PROVISIONS NO. 249

The requirements of Section 36-421 of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. Perimeter landscaping shall be provided along Battlefield Road for any change of use, building permit or subdivision of the property. The plantings within the perimeter landscape area shall consist of at least one canopy tree, two understory, ornamental, or evergreen tree and four shrubs per 100 linear feet of street frontage.

AFFIDAVIT OF NEIGHBORHOOD NOTIFICATION AND MEETING SUMMARY

1. Request change to zoning from: R-SF (Single Family Residential) to GR (General Retail)
   (existing zoning) *(proposed zoning)*
2. Meeting Date & Time: 1-25-24 4:00 PM to 6:30 PM
3. Meeting Location: Fire Station #8 Community Room - 1405 South Scenic Ave, Springfield, MO 658004
4. Number of invitations that were sent: 38
5. How the mailing list was generated: City of Springfield staff
6. Number of neighbors in attendance (attach a sign-in sheet): 1
7. List the verbal comments and how you plan to address any issues:
   (City Council does not expect all the issues to be resolved to the neighborhood's satisfaction; however, the developer must explain why the issues cannot be resolved.)

   One person attended the neighborhood meeting. This person was interested in what was being proposed on the site.

8. List or attach the written comments and how you plan to address any issues:

   We explained what we are proposing and showed a site plan to them.

I, Timothy Guillot *(print name)*, attest that the neighborhood meeting was held on 1-25-24 *(month/date/year)*, and is at least twenty-one (21) days prior to the Planning and Zoning Commission public hearing and in accordance with the attached "Neighborhood Notification and Meeting Process."

Signature of person completing affidavit

Timothy Guillot

Printed name of person completing affidavit

Meeting Location:

Fire Station #8 Community Room
1405 South Scenic Ave.
Springfield, MO 65804

Project Location:

3333 W. Battlefield Road
(Corner of Battlefield & S. Carver Rd.)

Sign-In Sheet
Neighborhood Meeting
January 25, 2024

Proposed Changes:

Existing Zoning:
R-SF - Single Family Residential

Proposed Zoning:
GR – General Retail

Name	Company and Address	Phone Number	E-mail
Timothy M. Guillot	Esterly, Schneider & Associates, Inc. AIA 1736 E. Sunshine, Suite 417 Springfield, MO 65804	(417) 862-0558	tim@esterlyschneider.com
Dana Rust	BBBS 3372 W Battlefield 65807	4175301522	bbbs@bigbro.com

EXPLANATION TO COUNCIL BILL 2024-044 (HORTON)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Planning and Development

TITLE: A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.2 acres of property generally located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235; and adopting an updated Official Zoning Map. (By: Ozarks Technical Community College (OTC); 1115, 1117, & 1125 East Pythian Street and 1118, 1140, & 1146 East Scott Street and 1004, 1020, & 1032 North Hampton Avenue and 1001, 1013, 1017, & 1033 North National Avenue; Z-25-2023 with Conditional Overlay District No. 235).

PURPOSE: Amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.2 acres of property generally located at 1115, 1117 & 1125 East Pythian Street, 1118, 1140 & 1146 East Scott Street, 1004, 1020 & 1032 North Hampton Avenue and 1001, 1013, 1017 & 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District and establishing Conditional Overlay District No. 235. (Staff and Planning and Zoning Commission recommend approval.)

BACKGROUND INFORMATION: ZONING CASE NUMBER Z-25-2023/ CONDITIONAL OVERLAY DISTRICT NO. 235

The applicant is requesting to rezone approximately 4.2 acres of subject property from R-TH, Residential Townhouse District to GI, Government and Institutional Use District and establishing Conditional Overlay District No. 235. The applicant is proposing off-street parking spaces to serve students at the Ozarks Technical Community College campus and the reuse of the existing church facilities. The public alley along Hampton Avenue and between these properties was recently vacated by Planning and Zoning Commission allowing these properties to be combined and redeveloped as one.

REMARKS: The Planning and Zoning Commission held a public hearing on February 15, 2024, and recommended to approve, by a vote of 7 to 0.

The Planning and Development staff recommends the application be approved (see the attached Development Review Staff Report).

FINDINGS FOR STAFF RECOMMENDATION:

1. The Comprehensive Plan's Land Use & Development chapter identifies the subject property as the Institutional & Employment Center placetype. This placetype contains a variety of major medical and office parks, and a collection of institutional and employer campuses. Large campuses are supported by small commercial sales and service business, and a mix of community-orientated amenities. Student housing is also a common component. In the case of universities or colleges, along with mixed housing types located along the fringes and transitional areas, providing housing near major employers is important. Primary uses include universities, colleges, and vocational schools.

2. The 2010 OTC Master Plan designates this area as appropriate for GI zoning.

3. The GI District is consistent with the goals and objectives of the Institutional and Employment Center placetype. The GI use district is established to apply to those lands where federal, state, or local government activities are conducted, where governments hold title to such lands, and to major public and private educational and medical facilities. This district is also intended to classify land that is vacant but has been designated for the activities listed above in an adopted plan.

4. The applicant is proposing a Conditional Overlay District to add a provision for a traffic study at the time of development.

5. The subject property is in an area that takes advantage of easy access to National Avenue which is a primary arterial roadway.

6. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

7. There are not changing conditions in the area affected that make the proposed rezoning necessary.

8. The range of uses in the proposed GI district are compatible with the uses permitted on other property in the immediate vicinity.

9. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

10. The impact the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic or reduce traffic safety in the vicinity. This application does not require a traffic study.

11. The proposed zoning will not correct an error in the application of this article, but rather will provide a viable use of the property subject to the provisions of the zoning

district.

12. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

STAFF RECOMMENDATION: Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's Institutional & Employment Center Placetype and on the finding of facts above.

Submitted By: Daniel Neal, Senior City Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. Z-25-2023 COD 235_ord
2. COD 235_exhA
3. Legal Description_exhB
4. ROP_exhC
5. Staff Report_exhD

One-rdg. _____
P. Hrngs. ____X_____
Pgs. _____25_____
Filed: ____03-05-24____

Sponsored by: _____Horton_____

First Reading: _____ Second Reading: _____

COUNCIL BILL ____2024-044_____ GENERAL ORDINANCE _____

AN ORDINANCE

AMENDING the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 4.2 acres of property generally located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235; and adopting an updated Official Zoning Map.

_____

WHEREAS, an application has been filed for a zoning change of the property generally located at 1115, 1117, and 1125 East Pythian Street; 1118, 1140, and 1146 East Scott Street; 1004, 1020, and 1032 North Hampton Avenue; and 1001, 1013, 1017, and 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235; and

WHEREAS, Conditional Overlay District No. 235 shall modify the requirements of the Springfield Land Development Code Section 36-401, Government and Institutional Use District, by requiring that the property described in "Exhibit B" comply with the requirements described in "Exhibit A" attached herein; and

WHEREAS, following proper notice, the Planning and Zoning Commission held a public hearing on February 15, 2024, a copy of the Record of Proceedings from said public hearing being attached hereto and incorporated herein by this reference as "Exhibit C," and said Commission made its recommendation; and

WHEREAS, the City has reviewed the applicant's request and prepared a staff report concerning the application, which is attached hereto and incorporated herein by this reference as "Exhibit D"; and

WHEREAS, proper notice was given of a public hearing before City Council, and

said hearing was held in accordance with the law.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The property described in "Exhibit B," which is attached hereto and incorporated herein by this reference, is hereby rezoned from R-TH, Residential Townhouse District to GI, Government and Institutional Use District with Conditional Overlay District No. 235. Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' is hereby amended, changed, and modified consistent with this Ordinance.

Section 2 – City Council hereby establishes Conditional Overlay District No. 235, which shall contain the requirements and standards provided in "Exhibit A," which is attached hereto and incorporated herein by this reference as though set forth herein. The requirements of Conditional Overlay District No. 235 shall modify the requirements of the Springfield Land Development Code Section 36-401, Government and Institutional Use District, by requiring the property described in "Exhibit B" to comply with the requirements contained in "Exhibit A."

Section 3 – City Council hereby directs the City Manager, or designee, to update the City's digital zoning map to reflect this rezoning, and City Council adopts the map thereby amended as the Official Zoning Map of Springfield, Missouri, as provided for in the Springfield Land Development Code, Section 36-306, 'Official zoning maps and rules of interpretation.'

Section 4 – The Official Zoning Map herein adopted shall be maintained and archived in the same digital form in which this Council has approved its adoption.

Section 5 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Gage, City Manager

EXHIBIT A

CONDITIONAL OVERLAY DISTRICT PROVISIONS
ZONING CASE Z-25-2023 COD 235

The requirements of Section 36-401. of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. A traffic impact study (TIS) may be required at the time of development, as determined by the City Traffic Engineer. If a TIS is required, development shall be permitted only after said TIS is approved by the City Traffic Engineer. Off-site improvements determined by the TIS to be necessary due to the intensity of development shall be incorporated in the approved site plan, public improvement plan, or other permits (as applicable). These off-site improvements shall be constructed at no cost to the City and in accordance with the requirements of City Code and Public Works Design Standards. All public improvements must be constructed and approved, or funds escrowed for such permits, prior to the issuance of any building permits.

EXHIBIT B

LEGAL DESCRIPTION

ALL OF THE FOLLOWING DESCRIBED TRACTS:

ALL OF THE NORTH 41.75 FEET OF LOTS 1, 2 AND 3 IN J.M. RICHARDSON'S THIRD ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI ACCORDING TO THE RECRDED PLAT THEREOF TOGETHER WITH A STRIP OF LAND ADJOINING SAID LOTS ON THE EAST, BEING A PORTION VACATED BY THE CITY OF SPRINGFIELD, AS ORDINANCE NO. 8728.

ALSO,

LOT 5, EXCEPT THE EAST 13.25 FEET AND THE EAST 26.50 FEET OF LOT 6, J.M. RICHARDSON'S THIRD ADDITION TO SPRINGFIELD, GREENE COUNTY, MISSOURI, BEING A SUBDIVISION OF BLOCK 24 FAIRBANKS ADDITION, ACCORDING TO THE RECORDED PLAT THEREOF.

ALSO,

TRACT 1: ALL OF LOT NINE (9) AND THE EAST TEN (10) FEET OF LOT TEN (10) IN JOHN M. RICHARDSON'S THIRD ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI.

TRACT 2: THE SOUTH ONE HALF (S1/2) OF THE WEST 34 FEET OF LOT TEN (10) AND THE SOUTH ONE HALF (S1/2) OF LOTS ELEVEN (11) AND TWELVE (12) IN JOHN M. RICHARDSON'S THIRD ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, ACCORDING TO THE RECORDED PLAT THEREOF.

TRACT 3: ALL OF LOTS THIRTEEN (13) AND FOURTEEN (14) IN JOHN M. RICHARDSON'S THIRD ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI.

ALSO,

THE NORTH FIFTY-SEVEN (57) FEET OF LOTS TWENTY-THREE (23) AND TWENTY-FOUR (24) IN JOHN M. RICHARDSON'S ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI AND THE SOUTH HALF (S1/2) OF THE VACATED ALLEY LYING NORTH OF LOTS 12 AND 24, AND THE THIRTY (30) FEET EAST OF AND ADJOINING ABOVE DESCRIBED PROPERTY AS VACATED BY ORDINANCE #8728.

ALSO,

LOT FOUR (4) AND THE EAST 13.25 FEET OF LOT FIVE (5) IN JOHN M. RICHARDSON'S THIRD ADDITION A SUBDIVISION IN SPRINGFIELD, GREENE COUNTY, MISSOURI, ACCORDING TO THE RECORDED PLAT THEREOF.

ALSO,

TRACT I: ALL OF THE EAST SIX (6) FEET OF LOT EIGHTEEN (18), ALL OF LOTS NINETEEN (19), TWENTY (20), TWENTY-ONE (21), TWENTY-TWO (22); AND ALL OF LOTS TWENTY-THREE (23) AND TWENTY-FOUR (24), EXCEPT THE NORTH 57 FEET THEREOF; ALL IN J.M. RICHARDSON'S THIRD ADDITION TO SPRINGFIELD, GREENE COUNTY, MISSOURI.

TRACT II: ALL OF THE SOUTH 45 FEET OF LOTS ONE (1), TWO (2), THREE (3) IN J.M. RICHARDSON'S THIRD ADDITION TO SPRINGFIELD, MISSOURI, ACCORDING TO THE RECORDED PLAT THEREOF; TOGETHER WITH ALL THAT STRIP OF GROUND LYING BETWEEN THE RANGE LINE SEPARATING RANGES 21 AND 22 AND THE EAST LINE OF THE ABOVE DESCRIBED TRACT; AND ALSO THE NORTH HALF 9n1/2) OF A VACATED ALLEY LYING SOUTH OF LOTS ONE (1) AND TWO (2); ALL IN GREENE COUNTY, MISSOURI.

ALSO,

LOTS FIFTEEN (15) AND SIXTEEN (16) IN JOHN M. RICHARDSON'S THIRD ADDITION TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, ACCORDING TO THE RECORDED PLAT THEREOF.

ALSO,

ALL THE NORTH HALF (N1/2) OF THE WEST 34 FEET OF LOT TEN (10) AND ALL OF THE NORTH HALF (N1/2) OF LOTS ELEVEN (11) AND TWELVE (12), IN J.M. RICHARDSON'S THIRD ADDITION, IN THE CITY OF SPRINGFELD, GREENE COUNTY, MISSOURI, ACCORDING TO THE RECORDED PLAT THEREOF.

ALSO,

ALL OF LOTS SEVENTEEN (17) AND EIGHTEEN (18) EXCEPT THE EAST SIX (6) FEET OF LOT EIGHTEEN (18) IN J.M. RICHARDSON'S THIRD ADDITITON TO THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI.

EXHIBIT C

RECORD OF PROCEEDINGS
Planning and Zoning Commission – February 21, 2024

Z-25-2023 COD 235
1001, 1004, 1013, 1017 & 1033 North Hampton Avenue and 1117 & 1125 East Pythian Street and 1118, 1140 & 1146 East Scott Street
Applicant: Ozarks Technical Community College

Mr. Neal stated that this is a request to rezone approximately 4.2 acres of property from R-TH, Residential Townhouse District to GI, Government and Institutional Use District and establishing Conditional Overlay District No. 235.

Mr. Dane Seiler, 5051 S. National and here to answer any questions.

Ms. Broekhoven closed the public hearing.

COMMISSION ACTION:
Planning and Zoning Commission Board Member Knuckles moved to approve Z-25-2023 COD 235, Commissioner Pauly seconded the motion. It **Passed** with the following vote: Ayes: Commissioner Ridge, Commissioner Broekhoven, Commissioner Gunther, Commissioner Pauly, Commissioner Lebeck, Commissioner Colony, Commissioner Knuckles. Nays: None. Absent: Commissioner Scott. Abstain: None.

Bob Hosmer, AICP
Planning Manager

Exhibit D

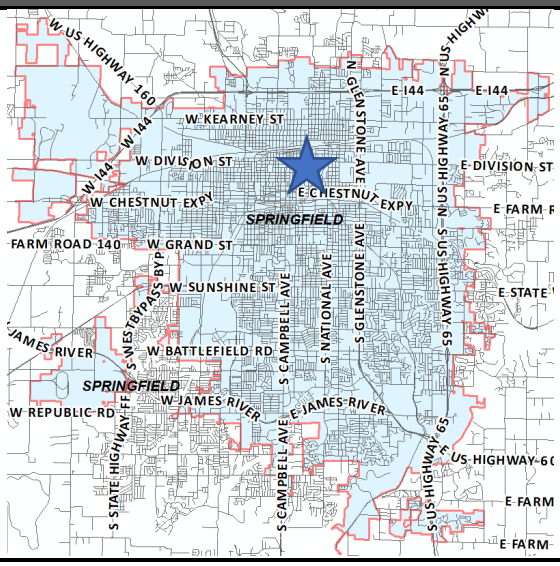
DEVELOPMENT REVIEW STAFF REPORT

PROJECT INFORMATION

Case Number:	Z-25-2023 with Conditional Overlay District No. 235
Location:	1115, 1117 & 1125 East Pythian Street and 1118, 1140 & 1146 East Scott Street and 1004, 1020 & 1032 North Hampton Avenue and 1001, 1013, 1017 & 1033 North National Avenue
Total Acres:	4.2 acres
Applicant:	Ozarks Technical Community College (OTC)
Existing Land Use:	Church, single-family residences and vacant land
Neighborhood Meeting:	January 25, 2024
Planning and Zoning Commission:	February 15, 2024
City Council:	March 11, 2024
Public Notification:	Mail, posted property, and legal in Daily Events
Staff:	Daniel Neal, Senior Planner
Staff recommendation:	Staff recommends approval
Proposed motion:	I move to recommend approval of rezoning case Z-25-2023 with Conditional Overlay District No. 235 as set forth in Attachment 1. (All commission motions are made in the affirmative).
Required Vote:	A majority of those present (5 members are a quorum).

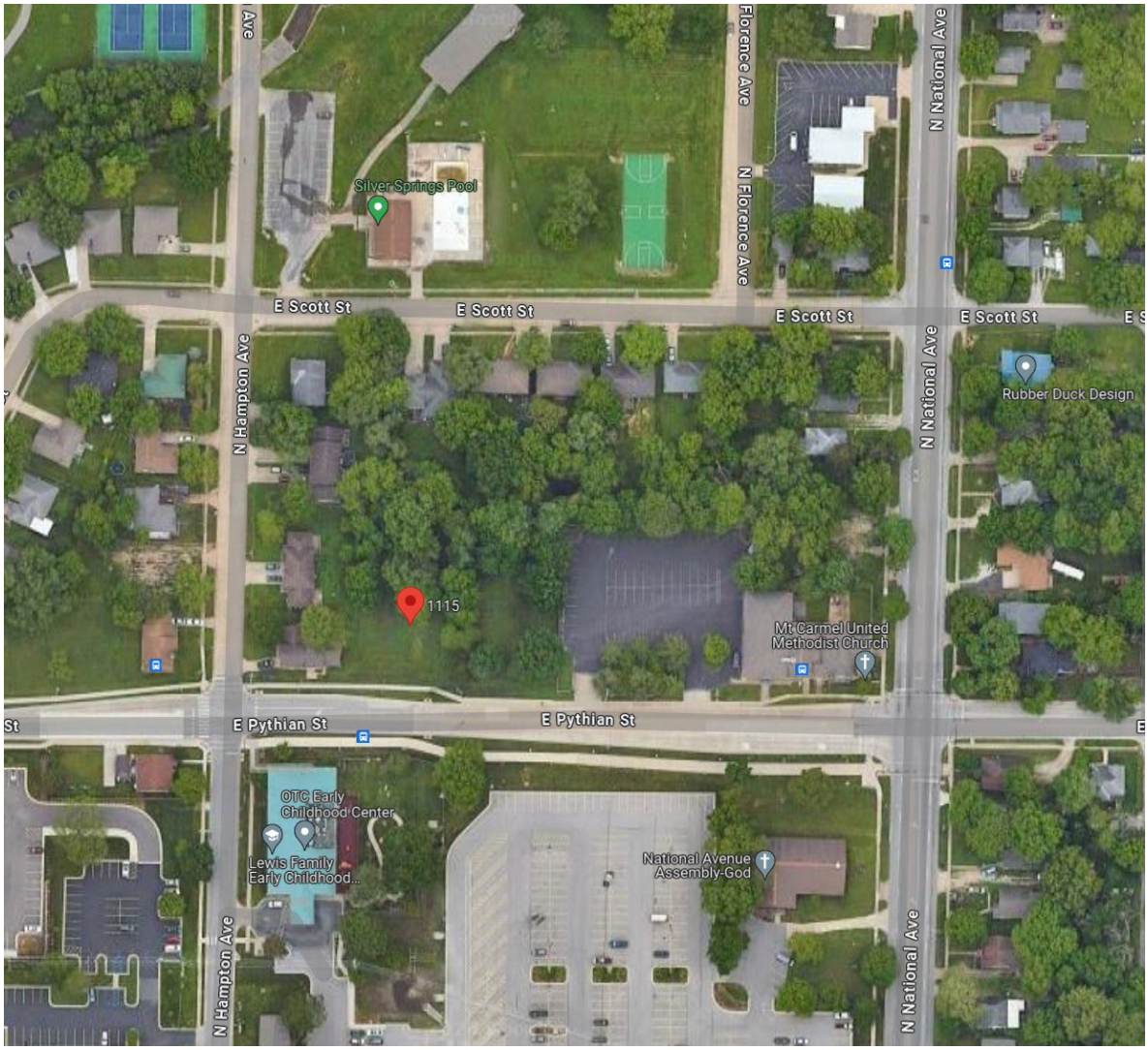
PROJECT SUMMARY:

Request to rezone approximately 4.2 acres of property generally located at 1115, 1117 & 1125 East Pythian Street and 1118, 1140 & 1146 East Scott Street and 1004, 1020 & 1032 North Hampton Avenue and 1001, 1013, 1017 & 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District and establishing Conditional Overlay District No. 235.

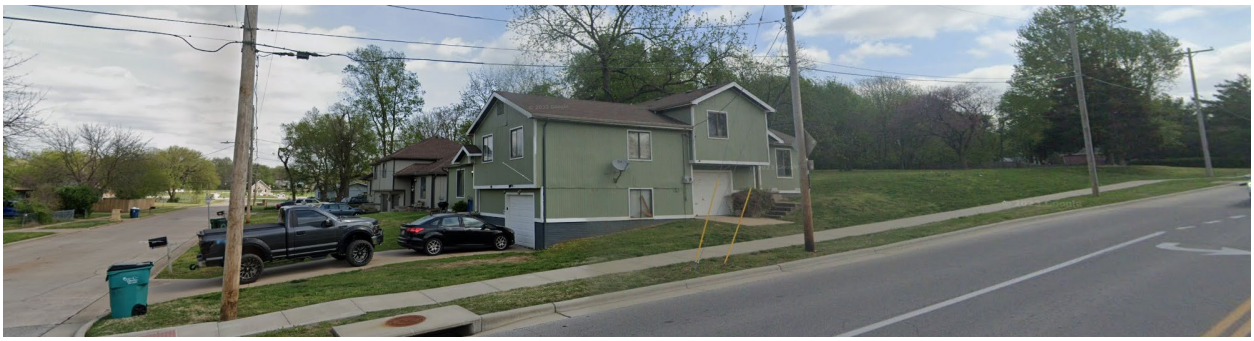
LOCATION MAP	ZONING MAP
	

DEVELOPMENT REVIEW STAFF REPORT

GOOGLE AERIAL OF LANDMARKS, BUSINESSES, AND ATTRACTIONS:



GOOGLE MAPS STREET VIEW:



DEVELOPMENT REVIEW STAFF REPORT

PROPERTY HISTORY:

The subject property has been zoned R-TH, Residential Townhouse District since the Citywide remapping in 1995.

PLANNING AND ZONING COMMISSION AUTHORITY:

Sec. 36-367. – Amendments

(7) Findings by the commission.

(a) Rezonings. If the application is for a reclassification of property to a different zoning district classification on the zoning map, the report of the planning and zoning commission may consider:

1. Whether the proposed zoning district classification is consistent with the Springfield Comprehensive Plan;
2. Whether there are any changed or changing conditions in the area affected that make the proposed rezoning necessary;
3. Whether the range of uses in the proposed zoning district classification are compatible with the uses permitted on other property in the immediate vicinity;
4. Whether adequate utility and sewer and water facilities exist or can be provided to serve the uses that would be permitted on the property if it were rezoned;
5. The impact the uses, which would be permitted if the property were rezoned, will have upon the volume of vehicular and pedestrian traffic and traffic safety in the vicinity;
6. Whether the proposed rezoning would correct an error in the application of this article as applied to the subject property;
7. Whether a reasonably viable economic use of the subject property will be precluded if the proposed rezoning is denied; and
8. Information submitted at the public hearing.

ZONING ORDINANCE REQUIREMENTS:

CODE ITEM	REQUIREMENTS FOR GI
Use Limitations	(a) No landfill activities shall occur within 1,000 feet of a residential district. (b)All uses shall operate in accordance with the noise standards contained in section 36-485, noise standards. (c)No use shall emit an odor that creates a nuisance as determined by chapter 2A, article X, Springfield City Code. (d)Uses on parcels not served by public water and public sewer shall meet the requirements of subsection 36-303(22).
Maximum Structure Height	None, except that all structures shall remain below a 30-degree bulk plane as measured from the boundary of any R-SF or R-TH district.
Minimum Open Space	Not less than 20 percent

COMPATIBILITY WITH COMPREHENSIVE PLAN:

PLACETYPE:

The *Comprehensive Plan's Land Use & Development* chapter identifies the subject property within the Institutional and Employment Center placetype.

The Institutional and Employment Center placetype contains a variety of major medical and office parks, and a collection of institutional and employer campuses. Large campuses are supported by small commercial sales and service business, and a mix of community-orientated amenities. Student housing is also a common component. In the case of universities or colleges, along with mixed housing types located along the fringes and transitional areas, providing housing near major employers is important. Areas within this placetype act as centers of culture, education, and business development, while providing numerous employment opportunities for residents of Springfield and others from the region. As Institutional and Employment Centers provide vital jobs and services to the entire metro area, multimodal accessibility and public transit connectivity are key components of this placetype. Underutilized parcels are assembled and redeveloped into more intense supporting uses or higher density housing developments where appropriate, to increase activity within the center. Planning for Institutional and Employment Center placetype focuses on infrastructure and corridor improvements to facilitate traffic flow, multimodal connectivity, and streetscaping improvements, needed to enhance the character and connectivity of key corridors. As these centers of activity receive high volumes of visitors and commuters into the City, it is essential that the quality of development and visual appeal of the corridors remain attractive and representative of the City's desired image.

Primary Land Uses:

- Universities, colleges, and vocational schools
- Government, healthcare, and institutional facilities

Supporting Land Uses:

- Single-family detached
- Single-family attached
- Multi-family
- Parks, greenways, and open space
- Sports complexes and recreational facilities
- Office, hospitality, retail sales and service
- Maker, artisan, and innovations spaces
- Public and private schools and places of worship

Characteristics

TRANSPORTATION & INFRASTRUCTURE

- Access management is improved for vehicles through curb cut consolidation and cross-access between commercial properties, reducing traffic conflicts and backups.
- Electric vehicle charging facilities, pedestrian and bicycle infrastructure, and automated vehicle parking and loading spaces are integrated along major corridors, installed at key destinations, and incorporated into private development plans.

- As technology, trends, and funds permit, utilities are buried or consolidated along rear property lines, reducing conflicts with street trees, pedestrian infrastructure, and viewsheds.
- Transit service is expanded along key commercial corridors over the long term with bus stops enhanced with shelters and live timetables.
- The pedestrian environment is enhanced with expanded sidewalks and pedestrian infrastructure, such as benches, pedestrian-scaled lighting, and street trees.
- Best management practices for stormwater management are required in development projects and within public rights-of-way, such as permeable paving, rain gardens, green roofs, native landscaping, and other low impact design strategies.

URBAN DESIGN - BUILDING AND SITE TYPOLOGY:

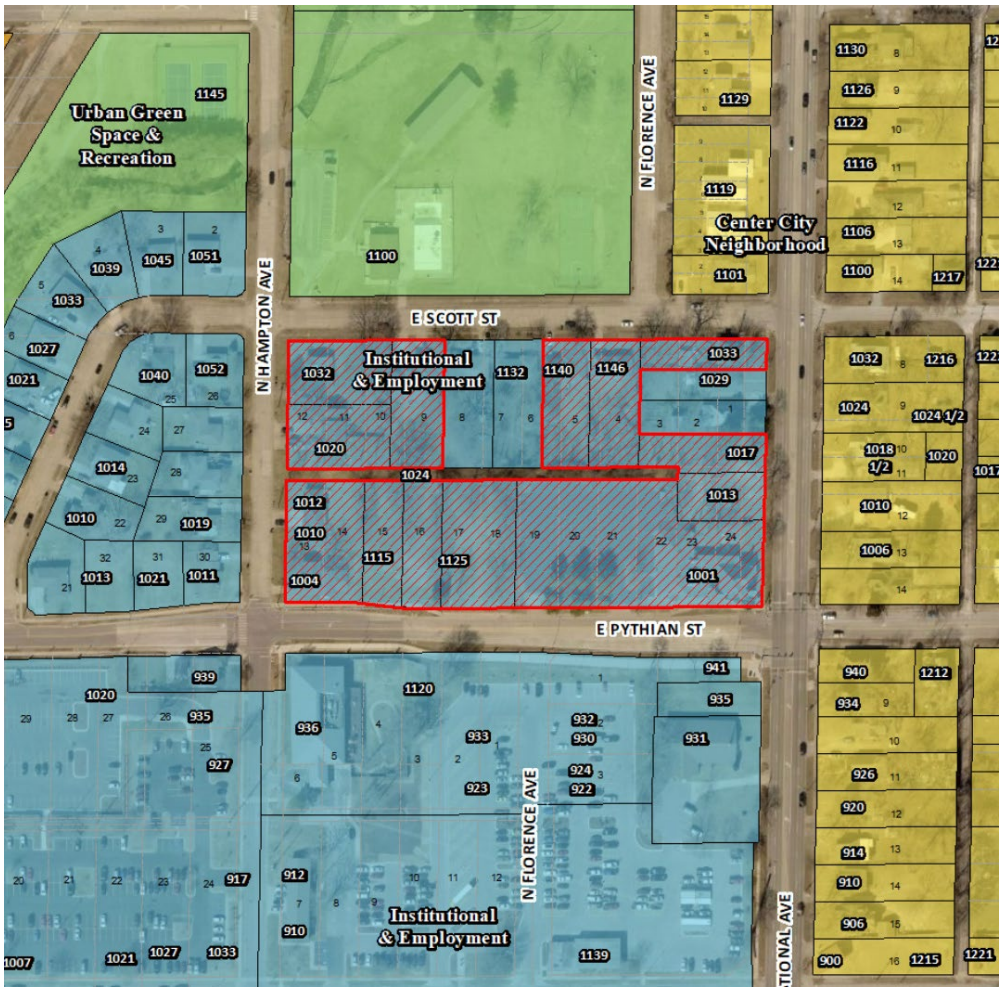
- Parking should be located behind or beside the primary buildings with abundant landscaping and screening to encourage greater interest and interaction between the adjoining street and the building, that contributes to community-wide quality of place.
- Pedestrian pathways within large parking lots provide safe access to business entrances.
- Character is enhanced by gateway features, landscaping, and branding elements, particularly within university, health care campuses, and innovation districts, to identify entry into campus areas.
- A greater focus on site design, parking access, massing, and building orientation are adopted to ensure development that is complementary to adjacent lower density residential development.
- Lighting, signage, landscaping, mail, and delivery accommodations should also be proactively incorporated into the site design.
- Multi-story buildings designed with active ground floor spaces should be visible and inviting with a high degree of transparency using clear glass windows and doors to increase a vibrant pedestrian environment.
- Use of quality materials, construction methods, workmanship, and design should be incorporated into new development and redevelopment.
- A mix of building heights is supported through structured site and building design strategies to soften the impact on adjacent lower intensity residential development.
- Design should avoid the placement of mechanical equipment along major roadways or should be completely screened, along with adequate spacing for storage of waste receptacles.

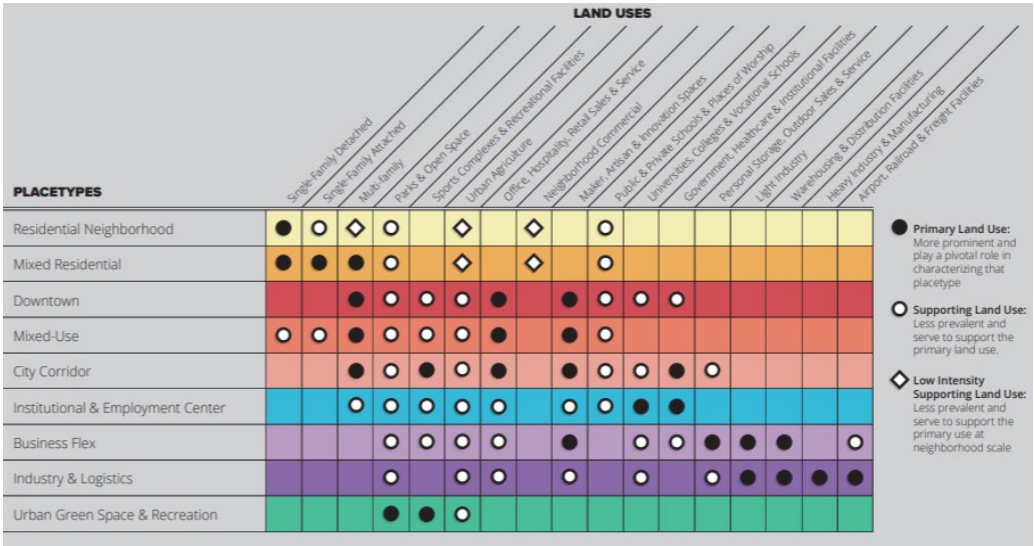
TRANSITIONS:

- Strong connections to local universities, innovation districts, and neighborhoods are established through branding and connectivity.
- More intense institutional and employment uses and supporting uses are sufficiently separated and buffered from lower intensity residential uses.

DEVELOPMENT REVIEW STAFF REPORT

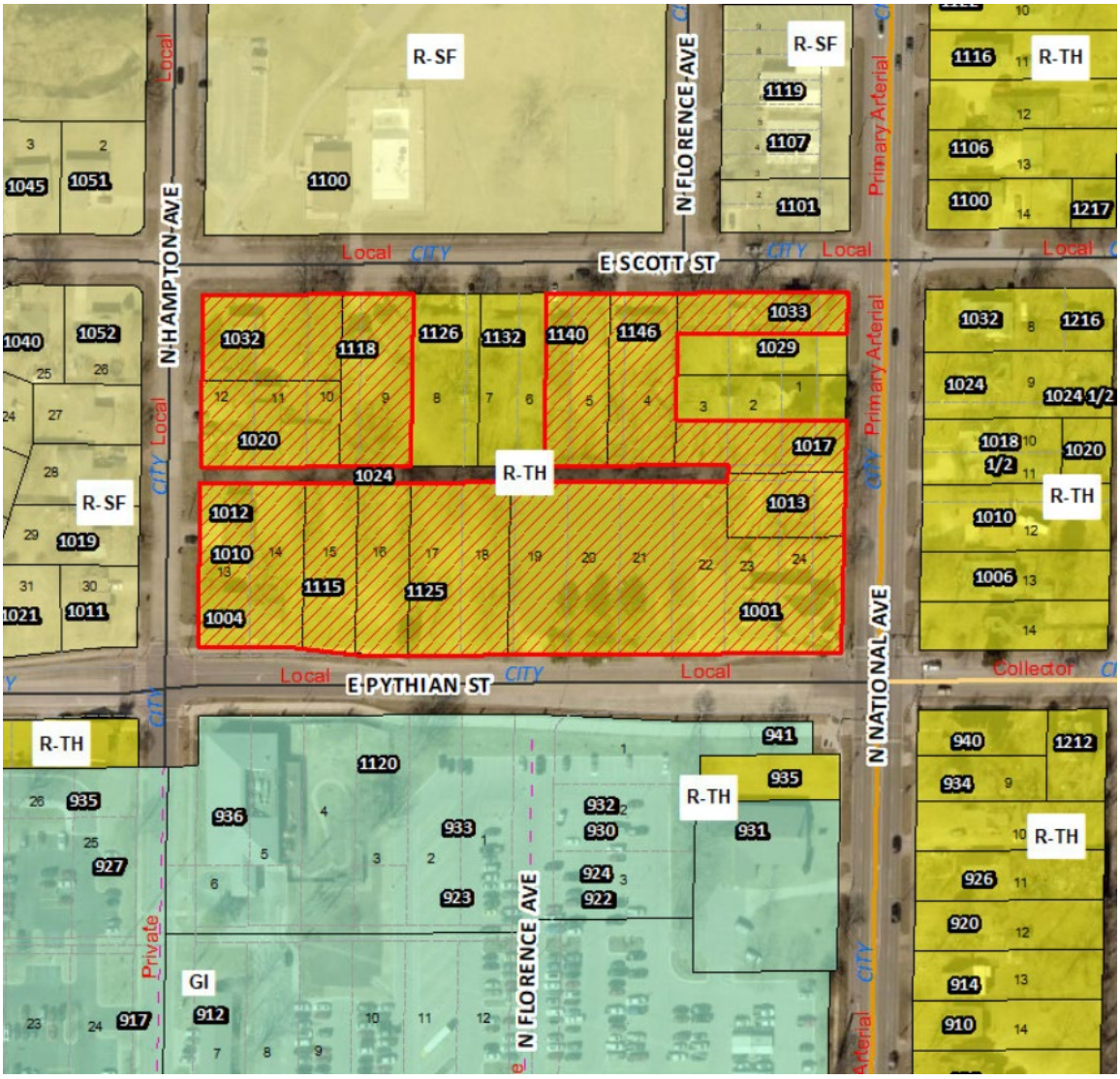
FUTURE PLACETYPE MAP:





DEVELOPMENT REVIEW STAFF REPORT

MAJOR THOROUGHFARE MAP:



SURROUNDING ZONING, LAND USES AND PLACETYPES:

	NORTH	SOUTH	EAST	WEST
ZONING	GR	GR	PD 21	GR
LAND USE	Shopping Center	Retail uses	Movie Theatre & common area	Post office uses
PLACETYPES	City Corridor	City Corridor	City Corridor	City Corridor

DEVELOPMENT REVIEW STAFF REPORT

DEPARTMENT COMMENTS:

DEPARTMENT OF BUILDING DEVELOPMENT SERVICES:

No comments.

CITY UTILITIES:

No issues with the proposed rezoning.

DEPARTMENT OF ENVIRONMENTAL SERVICES WASTEWATER MANAGEMENT DIVISION:

No objection to rezoning. Each existing tract has access to sewer. Rezoning would not change that.

FIRE DEPARTMENT:

No comments.

DEPARTMENT OF PUBLIC WORKS TRAFFIC ENGINEERING DIVISION:

TRAFFIC REPORT

	Street Name	Street Classification	Jurisdiction	ROW from Centerline (ft.)		Traffic Count (vehicles per day)	On-Street Parking	Sidewalk	
				Required	Existing			Required	Existing
Street 1	E. Pythian Street	Local	City	25	30	3,657	No	No	Yes
Street 2	N. Hampton Avenue	Local	City	25	30	NA	Yes	No	No
Street 3	E. Scott Street	Local	City	25	30	NA	Yes	No	Yes
Street 4	N. National Avenue	Primary Arterial	City	50	40	20,473	No	Yes	Yes

ACCESS - All new or modified driveway approaches shall comply with current City of Springfield standards for the street classification.

TRAILS, BUS STOPS, AND ADDITIONAL INFORMATION - The Jordan Creek Greenway Trail is near the property. There are three (3) bus stops near the property on Pythian St, and one (1) bus stop on National Avenue near the property.

IMPROVEMENTS - No improvements are required for this rezoning. A traffic study is not required for this rezoning.

DEPARTMENT OF PUBLIC WORKS STORMWATER ENGINEERING DIVISION:

SITE DESCRIPTION & DRAINAGE PATTERN
No existing detention or water quality Stormwater Control Measures are present on the proposed properties. The property is in the **Jordan Creek North Branch** drainage basin. The property **is not** located in a FEMA designated floodplain. Staff **is not** aware of flooding problems in the local or downstream area. The city **is not** aware of a sinkhole or other Karst feature at this location. The property **does not have a stream buffer on site.**
A fee in lieu of on-site stormwater detention **will not be allowed and detention is required.**

PW Stormwater has no concerns for the proposed rezoning from R-TH to GI. Please note that development of the property will be subject to the following conditions at the time of development:

All chapter and section references below are to the City's Flood Control and Water Quality Protection Manual Version April 2022.

DETENTION AND DISCHARGE REQUIREMENTS
1. At time of development any increase in impervious area will require detention Stormwater Control Measure. The properties drain with multiple residential units in the area. No fee in lieu of detention application is permissible.

2. The existing Houses and Driveways can be credited for existing impervious area for 5 years after the demolition.

3. City of Springfield only allows three acceptable methods of discharge for stormwater if a property has been modified to increase the amount, location, or character of discharge per Chapter 2 Sec 4.1.4. If none of the three options are available then the development must be modified so that the amount, location, or character of discharge is not changed, or a downstream easement must be obtained.
(1) To a Public Right-of-way.
(2) A recorded drainage easement, continuing to a public right-of-way or public drainage system.
(3) A certified natural watercourse.

WATER QUALITY REQUIREMENTS
1. Any future developments that disturb 1 acre or greater in area will require a Water Quality Stormwater Control Measure.

2. A land disturbance permit will be required with disturbing 1 acre or greater per Chapter 4 Section 5 of the City's Flood Control and Water Quality Protection Manual.

FLOODPLAIN
N/A

NATURAL CHANNEL & STREAM BUFFERS
N/A

SINKHOLES & KARST FEATURES
N/A

ADDITIONAL STORMWATER REQUIREMENTS
1. Operation and maintenance agreements are required for any permanent stormwater control measures. O&M will need to be approved during the process and will be reviewed by ES-Water Quality per Chapter 12 Sec. 3.0.
a. As-builts of the detention and water quality improvements are required. we would like the following as-built notes on the plans:
The Engineer of record is required to submit an as-built certification of the stormwater control measures upon completion of the project. The contractor shall coordinate with the Engineer to identify the list of stormwater control measures requiring certification and coordinate during construction to allow the Engineer to make any observations necessary during construction to certify the measures.

STAFF ANALYSIS AND RECOMMENDATION:

1. The applicant is requesting to rezone approximately 4.2 acres of property generally located at 1115, 1117 & 1125 East Pythian Street and 1118, 1140 & 1146 East Scott Street and 1004, 1020 & 1032 North Hampton Avenue and 1001, 1013, 1017 & 1033 North National Avenue from R-TH, Residential Townhouse District to GI, Government and Institutional Use District and establishing Conditional Overlay District No. 235. The applicant is proposing off-street parking spaces to serve students at the Ozark Technical College campus.

2. The *Comprehensive Plan's Land Use & Development* chapter identifies the subject property as the Institutional & Employment Center placetype. This placetype contains a variety of major medical and office parks, and a collection of institutional and employer campuses. Large campuses are supported by small commercial sales and service business, and a mix of community-orientated amenities. Student housing is also a common component. In the case of universities or colleges, along with mixed housing types located along the fringes and transitional areas, providing housing near major employers is important. Primary uses include universities, colleges, and vocational schools.

3. The 2010 OTC Master Plan designates this area as appropriate for GI zoning.

4. The GI District is consistent with the goals and objectives of the Institutional and Employment Center placetype. The GI use district is established to apply to those lands where federal, state, or local government activities are conducted, where governments hold title to such lands, and to major public and private educational and medical facilities. This

district is also intended to classify land that is vacant but has been designated for the activities listed above in an adopted plan.

5. The applicant is proposing a Conditional Overlay District to add a provision for a traffic study at the time of development.

6. The subject property is in an area that takes advantage of easy access to National Avenue which is a primary arterial roadway.

7. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

8. There are not changing conditions in the area affected that make the proposed rezoning necessary.

9. The range of uses in the proposed GI district are compatible with the uses permitted on other property in the immediate vicinity.

10. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

11. The impact the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic or reduce traffic safety in the vicinity. This application does not require a traffic study.

12. The proposed zoning will not correct an error in the application of this article, but rather will provide a viable use of the property subject to the provisions of the zoning district.

13. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

STAFF RECOMMENDATION:

1. Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's Institutional & Employment Center Placetype and on the finding of facts above.

PLANNING AND ZONING OPTIONS:

The planning and zoning commission shall make one of the following recommendations in connection with each proposed change in zoning district classification of this article:

1. Recommend against the proposed change in the zoning district classification.
2. Recommend a change in the zoning district classification.
3. Recommend a change in the zoning district classification together with recommendations which, in the judgment of the planning and zoning commission, will

protect adjacent property and ensure that the proposed amendment is consistent with the purpose and intent of this article.

DEVELOPMENT REVIEW STAFF REPORT

ATTACHMENT 1

CONDITIONAL OVERLAY DISTRICT PROVISIONS NO. 235

The requirements of Section 36-401. of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. A traffic impact study (TIS) may be required at the time of development, as determined by the City Traffic Engineer. If a TIS is required, development shall be permitted only after said TIS is approved by the City Traffic Engineer. Off-site improvements determined by the TIS to be necessary due to the intensity of development shall be incorporated in the approved site plan, public improvement plan, or other permits (as applicable). These off-site improvements shall be constructed at no cost to the City and in accordance with the requirements of City Code and Public Works Design Standards. All public improvements must be constructed and approved, or funds escrowed for such permits, prior to the issuance of any building permits.

AFFIDAVIT OF NEIGHBORHOOD NOTIFICATION AND MEETING SUMMARY

1. Request change to zoning from: Townhouse Residential to Government and Institutional
   (existing zoning) *(proposed zoning)*
2. Meeting Date & Time: 01/23/2024 4:00 PM to 6:30 PM
3. Meeting Location: OTC's Springfield Campus Information Commons West Room 108B
4. Number of invitations that were sent: _____
5. How the mailing list was generated: City of Springfield Provided
6. Number of neighbors in attendance (attach a sign-in sheet): 6
7. List the verbal comments and how you plan to address any issues:
   (City Council does not expect all the issues to be resolved to the neighborhood's satisfaction; however, the developer must explain why the issues cannot be resolved).

   Verbal comments were positive, attending guests were looking for more information about the project. Guests seemed supportive of the project. We plan to move forward with the project.

8. List or attach the written comments and how you plan to address any issues:

   No written comments were provided.

I, ANTHONY SWANIGAN *(print name)*, attest that the neighborhood meeting was held on 01/23/2024 *(month/date/year)*, and is at least twenty-one (21) days prior to the Planning and Zoning Commission public hearing and in accordance with the attached "Neighborhood Notification and Meeting Process."

Signature of person completing affidavit

ANTHONY SWANIGAN
Printed name of person completing affidavit

Zoning Exhibit

E Scott St
N Hampton Ave
N National Ave
E Pythian St
R-SF
R-TH
AS2504
AS2439
AS2530
AS3199
GI
AS7771
R-TH
Properties to be rezoned
City of Springfield, Missouri GIS

CITY OF Springfield
(417) 864-1000

0 0.00750.015 0.03
mi

DISCLAIMER: All information included on this map or digital file is provided "as-is" for general information purposes only. The City of Springfield, and all other contributing data suppliers, make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, or suitability of the data for any particular use. Furthermore, the City of Springfield, and all other contributing data suppliers, assume no liability whatsoever associated with the use or misuse of the data.

Welcome !

Please Sign In

Ozarks Technical Community College Neighborhood Meeting **23-Jan-24**

Thank you for coming. Please leave your name and contact information. **4:30 - 6:00 PM**

NAME	ADDRESS	EMAIL	PHONE
Linda + Larry Fetters	1126E Sch Sfld	lindafetters1@yahoo.com	417866-6198
Craig + Donna Rice	1010 N. National	donnakagete@hotmail	(618)694-6217
Nancy Berg	1306 N Teams	Springfield Mo	65802
Rozmie Dean	1119 N. National		417 844-1831
Jeffrey Cox	1025 N. Hampton AVE.		417-861-9008
Deborah Vaughn	1025 N National	dvaughn1025@hotmail.com	
Jonathan Staats		staatsj@otc.edu	
Anthony Swanigan	CJW	aswanigan@gocjw.com	417-889 3400
Dane Seiler	CJW	dseiler@gocjw.com	417-889 3400

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EXPLANATION TO COUNCIL BILL 2024-045 (CARROLL)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Finance

TITLE: A special ordinance authorizing the City Manager, or designee, on behalf of the City of Springfield, to enter into an agreement with U.S. Bank N.A. for banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program.

PURPOSE: Authorizing the City Manager, or designee, on behalf of the City of Springfield, to enter into an agreement with U.S. Bank for depository services, merchant card services, safekeeping services, and the City's purchasing card program.

BACKGROUND INFORMATION: The City of Springfield bids banking services and related programs every five years. Proposals were received from four banks although not all responding banks bid on all services or programs.

A committee of three staff members evaluated the proposals carefully considering each bank's experience with similar projects (20%), expertise of banking personnel (20%), applicable resources to meet the City's needs (25%), project approach (25%), and cost (10%). City staff then entered into negotiations with U.S. Bank toward a final, proposed contract for services.

Based on the scores of the committee for the criteria noted above, the following recommendation is made for City Council approval:

- The City Manager be authorized to enter into a contract with U.S. Bank for depository services, merchant card services, safekeeping services, and the City's purchasing card program.

The proposed contract is attached to the Council Bill as "Exhibit A."

Submitted By: Jody Vernon, Asst Director of Finance & Comptroller

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. Banking Services US Bank_Ord
2. Exhibit 1 - Contract
3. Exhibit A- RFP

4. Exhibit B - Documents

One-rdg. _____
P. Hrngs. _____
Pgs. 870
Filed: 03-05-24

Sponsored by: Carroll

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-045 SPECIAL ORDINANCE _____

AN ORDINANCE

AUTHORIZING the City Manager, or designee, on behalf of the City of Springfield, to enter into an agreement with U.S. Bank N.A. for banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program.

WHEREAS, the City engaged in a competitive bidding process for the provision of banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program; and

WHEREAS, U.S. Bank N.A.'s response is the most responsive to the City's needs for such banking services; and

WHEREAS, City desires to engage U.S. Bank N.A. to perform such banking services

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – That the Agreement by U.S. Bank N.A. for the purpose of providing banking services, including depository services, merchant card services, safekeeping services, and the City's purchasing card program, a true and accurate cost of said Agreement being attached hereto and incorporated as "Exhibit 1," be and the same is hereby approved.

Section 2 – That the City Manager, or designee, is hereby authorized and directed to execute said Agreement by and on behalf of the City of Springfield. The City Manager, or designee, is hereby further authorized to execute any other documents as may be necessary or desirable as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 3 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: _____, Assistant City Attorney

Approved for Council action: _____ City Manager

Exhibit 1

City of Springfield
Division of Purchases
218 E Central (65802)
PO Box 8368
Springfield, MO 65801-8368
Ph. 417 864-1620
Fax 417-864-1927

Service Provider
Company Name U.S. Bank, N.A.
Attn: Anna Milbach
Address222 Second Avenue Southeast
Cedar Rapids, Iowa, 52401
Ph. 319-900-1224
Fax _____

THIS CONTRACT, made and entered into this ____ day of _____, 2024, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and U.S. Bank N.A., a company in the State of Ohio, hereafter referred to as "Service Provider."

WITNESSETH:

THAT WHEREAS, the City of Springfield desires to engage the Service Provider to provide **Banking Services** described in **Request for Proposal #006-2024** which is attached hereto and incorporated herein as **EXHIBIT A;** and

WHEREAS, the Service Provider submitted a proposal and said proposal is attached hereto and incorporated herein as **EXHIBIT B;** and

WHEREAS, City desires to engage Service Provider to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, IT IS HEREBY AGREED by the parties hereto as follows:

1. City employs Service Provider to perform the services hereinafter set forth.

2. Services. The Service Provider represents that it is equipped, competent, and able to perform, and that it will perform all services hereinafter set forth in a diligent and competent manner in accordance with the professional standard of care customarily recognized by members of Service Provider's profession practicing in the State of Missouri within the same general timeframe. Service Provider will perform all such services in accordance with the following provisions, incorporated into this Contract as if set forth in full herein: City's **Request for Proposal #006-2024** hereinafter **EXHIBIT A,** and the Service Provider's Response and supplemental responses to the RFP, hereinafter **EXHIBIT B**. Where the terms of this contract and the terms of Exhibit A or Exhibit B conflict, the terms of this contract shall control. Where this contract is silent and the terms of Exhibit A and Exhibit B conflict, Exhibit B shall control. Within Exhibit B, the terms set forth in "U.S. Bank Exceptions/Clarifications to City of Springfield, Missouri RFP# 006-2024" shall control over any conflicting terms in the remainder of Exhibit B.

2. Inapplicable Portions of Exhibit B. The Parties agree that the City is only contracting to receive certain services and that the documents in Exhibit B contain provisions regarding services that will not be provided to the City. As such, those provisions of Exhibit B regarding such services shall not be applicable.

3. Compensation. It is expressly understood that in no event will the compensation to be paid to the Service Provider under the terms of this Contract for the services set forth in the Scope, and for reimbursement of authorized expenses, exceed the line-item costs outlined in **EXHIBIT B**. Service Provider agrees that the price for all line items outlined in **EXHIBIT B** shall not increase for a period of one (1) year from the date of agreement execution. For clarification, Elavon's pricing is Interchange Pass-through Plus, which means that the Elavon portion of the fee will not increase during the term of the agreement. Pass through items such as interchange, assessments, or third-party fees, may change and will be passed through to the City when received. If additional services are requested by the City, the Service Provider will prepare and submit to the City an estimate of the total cost associated with such additional services. The City will review and approve in writing the cost estimate for additional services, and the total compensation

and reimbursement to be paid by the City to the Service Provider for such approved additional services shall not exceed the approved amount. Service Provider's fees for additional services shall be at a rate or rates agreed upon by the parties.

4. Governing Law, Venue and Jurisdiction. All provisions of this agreement shall be governed by Missouri law and jurisdiction is appropriate in Missouri. Venue shall be proper only in the Circuit Court of Greene County, Missouri, or the United States District Court for the Western District of Missouri.

5. Confidentiality and Non-Disclosure. The parties acknowledge that the City is a public entity subject to Missouri's Sunshine Law. Any confidentiality or non-disclosure provisions in Exhibit B are modified so as to allow the City to comply with the law, including the Sunshine law as well as instances where the City is subpoenaed or otherwise ordered to produce such information. The parties agree that if Service Provider believes any part of this agreement or other records generated pursuant to this agreement are not disclosable, whether due to applicable federal law, a claimed trade secret, or some other legal basis, then Service Provider will work with the City in responding to any request or order to identify those items that are non-disclosable. Further, Service Provider agrees that if the City receives a public records request and Service Provider identifies responsive information that it claims to be confidential, proprietary, and/or trade secret, then Service Provider will defend, hold harmless, and indemnify the City for any claimed violation of the applicable disclosure law due to the non-disclosure of such information.

6. Missouri Law, Indemnification, Costs, and Attorney Fees. The parties acknowledge and agree that Missouri law prohibits the City, as a public entity, from indemnifying or defending private entities, and from agreeing to pay for a private entity's attorney fees or other costs arising out of any claim or litigation. As such, this provision governs over any contrary indemnification, cost, or attorney fee provision contained in Exhibit B.

7. Taxes. The parties acknowledge that the City is a public entity that is exempt from certain taxes, such as sales taxes, use taxes, property taxes, ad valorem taxes, etc. Any provision in Exhibit B regarding the application to the City of taxes that the City is exempt from or the passing on or through of such taxes to the City is inapplicable.

8. Jury Trial. The parties agree that all parties maintain their right to a jury trial and that any contrary provisions in Exhibit B are inapplicable.

9. Implementation Documents: The parties acknowledge that service implementation documents and information will be exchanged after this agreement is entered into. The City agrees that Service Provider may rely on any implementation information provided by the City, including forms filled out by the City.

10. Term. The term of this Contract shall be for a one (1) year period from _____ through _____. The City may at its option renew the Contract up to four (4) additional one-year terms by giving written notice to the Service Provider. Any increase in cost at the beginning of each renewal period will be limited to that allowed per **RFP# 006-2024; Section 15.0; Renewal Option**. All pricing identified on the pricing page shall be in effect for the stated contract term.

11. Assignments. The parties agree that Service Provider may assign or delegate its rights under the agreement when such assignment or delegation is required under operation of law, and that in those instances it may do so without providing notice or receiving consent from the City.

12. Internet-Based Services. The parties agree that "Section III. Terms Applicable To All Internet-Based Services," paragraph "2. Terms of Use" of the document "U.S. Bank Services Terms and Conditions," is not applicable.

13. Deposit Account. The parties agree that the sub-section "We can close your account," in the "CLOSING YOUR ACCOUNT" section of the "Your Deposit Agreement" document is not applicable.

14. Sample Contract. The terms of the "Sample Contract" set forth in paragraph 14 of Part III of Exhibit A shall not apply.

15. This Contract may be executed and delivered by the parties electronically, and fully executed electronic versions of the contract instrument, or reproductions thereof, will be deemed to be original counterparts.

16. This contract shall be binding on the parties thereto only after it has been duly executed and approved by the City and the Service Provider.

IN WITNESS WHEREOF, the parties hereto evidence their agreement to the terms of this Contract by their signatures below.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay, therefore.

_____ _____
David Holtmann, Director of Finance Date
or
Acting Director of Finance

APPROVED AS TO FORM

_____ _____
City Attorney or Assistant City Attorney Date

SERVICE PROVIDER

By: _____ _____
Company Authorized Signature Date

Name: _____
Print

Title: _____

CITY OF SPRINGFIELD, MISSOURI

By: _____ _____
Ben Calia, CPPB, City Purchasing Agent Date
or Acting Purchasing Agent

CITY OF SPRINGFIELD, MISSOURI
Administration

By: _____ _____
Jason Gage, City Manager Date
or Designee

Exhibit A

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

Denise Neuleib, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: July 28, 2023
Buyer's Email: dneuleib@springfieldmo.gov
Telephone Number: 417-864-1624

REQUEST FOR PROPOSALS (RFP) #006-2024

TITLE-SIGNATURE PAGE

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following:

BANKING SERVICES

PROPOSALS MUST BE UPLOADED INTO THE DEMANDSTAR E-BIDDING SYSTEM PRIOR TO 3:00 P.M. (CDT) ON FRIDAY, AUGUST 25, 2023. Proposals will be read aloud publicly at the specified closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222.*

- Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.
- Proposals received after the opening date and time shall not be considered.
- The attached Terms and Conditions shall become part of any contract resulting from this bid.
- The cutoff for any questions pertaining to this RFP is **August 10, 2023 at 12:00 P.M. (CDT)**. Any questions shall be submitted in writing to the buyer identified above.
- *HAND DELIVERED, FAXED, OR EMAILED PROPOSALS WILL NOT BE ACCEPTED.*

The undersigned certifies that he/she has the authority to bind this company in a contract to supply the service or commodity in accordance with all terms and conditions specified herein. Please type or print the information below.

Respondent is REQUIRED to complete, sign, and return this form with their submittal.

NOTE: ***All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified below. If your business is exempt, the exemption number should be referenced below, in lieu of a charter number.***

Company Name	Authorized Person (Print)
Address	Signature
City/State/Zip	Title
Telephone # Fax #	Date Tax ID #
Email	State of Missouri Charter Number or Exemption Number

Revised: BC: 6-6-2023
Reviewed By Law:

RETURN THIS PAGE

LEGAL NOTICE:
REQUEST FOR PROPOSAL NUMBER 006-2024

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following: **Banking Services**.

VENDOR NOTE 1: To register with DemandStar go to: https://www.demandstar.com/registration

VENDOR NOTE 2: For information on how to navigate DemandStar go to: http://network.demandstar.com/wp-content/uploads/2021/01/DemandStar-Supplier-User-Guide.pdf

VENDOR NOTE 3: If you have issues registering or uploading a proposal, please contact DemandStar toll-free at (866) 273-1863. DemandStar office hours are 8:00 A.M. to 7:00 P.M. (CDT) Monday through Friday. You can also contact the Division of Purchases at (417) 864-1620 or the Buyer stated on the Title-Signature Page of this solicitation document between the hours of 8:00 A.M. to 5:00 P.M. (CDT), Monday through Friday.

It is strongly recommended that vendors register with DemandStar as soon as possible to ensure your ability to provide a response to this solicitation by the due date and time. If you have any issues with DemandStar setup or navigation call (206) 940-0305.

Proposals must be received electronically in the City's e-bidding service provider DemandStar by 3:00 P.M. (CDT) on FRIDAY, AUGUST 25, 2023. The name of the Offerors will be read aloud publicly at the specified proposal closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222*.

The City is committed to providing opportunities to DBE, MBE, and WBEs and encourages such business enterprises to submit a response to this solicitation.

RFP documents and any addendums are available via the following methods:

1. By accessing the City's e-bidding service provider DemandStar at https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029

2. By accessing the Purchasing Division's webpage https://www.springfieldmo.gov/bids.aspx

For any contract for services greater than $5,000, the successful offeror shall comply with § 285.530, RSMo., as amended, and (1) provide by sworn affidavit affirmation that it does not knowingly employ any person who is an unauthorized alien and (2) provide documentation affirming its enrollment and participation in a federal work authorization program with respect to the employees working in connection with this contract. The required documentation affirming enrollment must be from the federal work authorization program provider. A letter from the Offeror reciting compliance is not sufficient. The signed and notarized Work Authorization Affidavit and the Electronic Signature Page from the E-Verify program shall be provided prior to the issuance of a contract.

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Form No. 6C: Purchasing Card Services Fee Schedule
Form No. 6D: Safekeeping Services Fee Schedule
Form No. 6E: Conversion Support
Form No. 6F: Total Cost
Form No. 7: Affidavit of Compliance
Form No. 8: Certification Regarding Potential Conflicts of Interest
Form No. 9: Certification of Compliance with Section 34.600 RSMo., et seq. (Anti-Discrimination Against Israel Act)
Form No. 10: Additional Services
Form No. 11: Certification of Signature Authority Form
Form No. 12: "Statement of No Proposal"

PART IV

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PART V

Standard Terms and Conditions

EXHIBITS

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LINKS

The City's annual financial report for the year ended June 30, 2022 is located at the following link: 2022-ACFR (springfieldmo.gov)
The City's annual operating budget for fiscal year 2023-2024 is located at the following link: Budget Home (opengov.com)

PART I
DESCRIPTION OF PROJECT AND SERVICES REQUIRED

1.0 INTRODUCTION/DESCRIPTION OF PROJECT/SERVICES:

The City of Springfield, Missouri ("the City") is seeking proposals from qualified financial institutions to provide depository and other banking services. A contract will be issued in the form of a one (1) year term contract, with the option to renew the contract for four (4) additional one-year terms.

This Request for Proposal (RFP) is divided into four parts: Banking Services, Merchant Card Services, Purchasing Card Services and Safekeeping Services. An Offeror may bid on all or any combinations of services. The intent of this RFP is to provide a standard format to enable the City to evaluate the services. Use FORM NO. 5: PROJECT APPROACH NARRATIVE to provide a complete response to all questions in the same order as presented in the RFP.

1.1 Description of Operations or Background:

The City of Springfield is currently using Central Bank of the Ozarks for banking, merchant card, and safekeeping services and US Bank for purchasing card services including virtual card capabilities. Each bank has been on contract in the current capacity since 2018. The contracts with Central Bank of the Ozarks and US Bank have no one-year renewals remaining which is why we are asking for proposals at this time.

- For average volumes and balances refer to Exhibit A-1 for Banking Services and Exhibit A-2 for Merchant Card Services.
- The City's annual financial report for the year ended June 30, 2022 is located at the following link: 2022-ACFR (springfieldmo.gov)
- The City's annual operating budget for fiscal year 2023-2024 is located at the following link: Budget Home (opengov.com)

2.0 SCOPE OF SERVICES:

2.1 BANKING SERVICES:

2.1.1 Collateralization of Account Balances:

All City funds on deposit **must** be collateralized at all times. The City requires the Service Provider to pledge to the City of Springfield government securities equaling 103% of total deposits in excess of the current FDIC limits. The types of securities that may be pledged are listed below. It is anticipated the maximum amount of securities to be pledged would not exceed $50 million. The Service Provider is required to provide the City a monthly report of collateral pledged and the market value within five (5) business days of the end of each month.

Excerpt from the City of Springfield, MO City Charter:

Section 19.13. Security of deposits.

The council shall require all funds of the City in any city depository to be adequately secured in an amount satisfactory to the council by the following types of securities:

(a) Obligations of the United States, the State of Missouri, this city, or:

(b) In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or:

(c) In revenue bonds of this city.

Adopted by vote of the people on June 11, 1974.

2.1.2 The City of Springfield uses Oracle R12 enterprise resource planning system.

2.1.3 Account Information:

2.1.3.1 All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained. The City maintains the following accounts listed below.

1) **General Disbursement Account** – Most receipts are deposited into this account. Accounts payable checks and disbursements, other than payroll, are cleared through this account. Accounts payable disbursements are made via manual check, ACH NACHA files, standalone ACHs, and wires. This account maintains an average balance of $35 million. **The City requires positive pay on this account matching both the check number, payee, and the dollar amount for the accounts payable account.** This account requires the ability to deposit checks electronically in addition to in-person.

2) **Payroll Account** – City employees are paid from this account every two weeks in addition to two retiree payrolls at the end of each month. All payroll related ACH transactions and checks are cleared through this account. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements. **The City requires positive pay on this account matching both the check number, payee, and the dollar amount for the payroll account.** Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

3) **Health Insurance Account** – The third-party administrator of the City's Health Insurance fund uses this account to disburse funds for payment of claims. It is funded by transfers from the General Disbursement Account as well as occasional deposits.

4) **Police Department Accounts (3)** – These accounts are used to disburse funds for various divisions of the Police Department. They utilize manual checks. They are funded by transfers from the General Disbursement Account as well as occasional deposits.

5) **Workers Compensation Insurance Account** - The third-party administrator of the City's Workers Compensation Insurance Fund uses this account. Funds are disbursed from this account to pay claims. It is funded by transfers from the General Disbursement Account as well as occasional deposits.

6) **Workforce Development** – This is a zero-balance account with transfers made from the general disbursement account. These disbursements are primarily used to cover the cost of bank cards that are given to participants to cover expenses such as transportation and other job search expenses. We require a method of issuing monies on bank cards to enrolled participants.

7) **Airport Account** – This account is used by the Springfield-Branson National Airport as a depository of funds for merchant card activity and daily deposits. ACH and wire transfers also clear through this account. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements. This account requires the ability to deposit checks electronically in addition to in-person.

8) **Municipal Court Bond Fund** – Cash bonds held by the Municipal Court are deposited and refunded from this checking account.

9) **Municipal Division** – This account is used by the Springfield Municipal Court for deposits and disbursements for the Show-Me Courts transactions. It utilizes manual checks. It is funded by deposits and transfers from the General Disbursement Account. **The City requires positive pay on this account matching the check number, payee, and the dollar amount for the municipal division account** .

10) **HUD Accounts (2)** – These accounts are used for the collection and disbursement of loan programs administered by the Planning and Development Department.

11) **Bank Card Account** – The City maintains a bank card account for daily deposits or withdrawals of merchant card activity. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements.

12) **Cardinals Accounts (2) –** These accounts are used to deposit and disburse funds in relation to the City's ownership of Hammons Field. They utilize manual checks in addition to wires and ACHs. Third-party administrators require access to these accounts.

13) **Crisis Fund Account –** This account is used to disburse manual checks as needed. It is funded by transfers from the general disbursement account as well as occasional deposits.

2.1.3.2 The City requires all transactions be available on the online banking website within twenty-four (24) hours.

2.1.3.3 The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

2.1.4 Deposits:

The City collects cash, coin and checks at several locations. Deposits are made periodically throughout the day, after hours and on weekends.

2.1.4.1 The bank must provide disposable tamper proof bags for each after-hours depository. Deposit slips must be coded by location to assist with reconciliation.

2.1.4.2 Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

2.1.4.3 Provide a map of Springfield showing the location of branch offices. Indicate which branches have a night depository. Indicate the location of the vault operations.

2.1.4.4 Provide a deposit availability schedule.

2.1.5 Check Clearing:

2.1.5.1 Describe the process for handling returned checks.

2.1.5.2 Describe the stop payment and voided check procedures.

2.1.5.3 How long are stop payments effective?

2.1.5.4 Are stop payments automatically extended?

2.1.5.5 Describe the City's liability exposure for fraudulent checks.

2.1.6 Online Banking Services:

The City requires the successful Service Provider to provide online banking services and software. Provide a description and examples of the bank's software products and services. The software should be web-based and include security measures to ensure protection of the City's information. At a minimum, the City requires the following online banking services.

2.1.6.1 Current day balance and activity;

2.1.6.2 Daily balance reporting (ledger, available, collected) available by 8:00 a.m. the following business day;

2.1.6.3 Detailed debit and credit postings including sender and receiver information;

2.1.6.4 Initiation of internal account to account transfers;

2.1.6.5 Initiation of wire transfers;

2.1.6.6 Initiation of ACH debit and credit transactions;

2.1.6.7 Placement of stop payment and/or void orders;

2.1.6.8 Multi-level security for various City staff (e.g., inquiry only vs. full system administrator rights);

2.1.6.9 Fees associated with online banking services should be listed on FORM NO. 6A: BANKING SERVICES FEE SCHEDULE.

2.1.6.10 Describe reporting capabilities and provide examples.

2.1.6.11 Describe security features such as multi-factor authentication and audit logs.

2.1.6.12 What are the cutoff times for wires, ACHs, and transfers?

2.1.6.13 Are wire and ACH templates available?

2.1.6.14 Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

2.1.6.15 Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

2.1.6.16 What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

2.1.7 Wire Transfers:

2.1.7.1 The City prefers the ability to execute wire transfers either by phone or online at the option of the City.

2.1.7.2 The bank must execute all wire transfers within one hour after notification by the City whether originated online or via phone. Wire transfers ordered but not received by the destination party by 5:00 p.m. CST will be traced by the bank from origin to destination to ascertain the party responsible for delaying the transfer. If necessary, adjustments will be made for any lost interest or charges resulting from a "fail to consummate an investment transaction".

2.1.7.3 State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

2.1.7.4 Describe security features your bank has in place to ensure the integrity of your wire transfer system.

2.1.7.5 Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

2.1.8 ACH Transactions:

The bank must be both a sending and receiving bank on the Automated Clearing House system to accommodate payroll direct deposit, accounts payable file transactions, and other payments along with incoming receipts to the City. The City requires the ability to place a filter on incoming and outgoing ACH payments.

2.1.9 Monthly Statements:

Monthly bank statements for the full calendar month must be available the next business day on the banking website.

2.1.10 Account Analysis:

If fees are charged, the City prefers to pay for banking services on a fee basis rather than compensating balances. The bank shall provide a monthly account analysis report, which shall be delivered to the City no later than 10 business days after the end of the month. The account analysis shall contain a detailed itemization of charges by type and volume. The monthly fee may be debited against the City's account. **A sample copy of the bank's account analysis shall be submitted with your proposal.** The City's current agreement is a no-fee agreement.

2.1.11 Electronic Deposit:

The City utilizes remote electronic deposits for checks in two locations – the Busch Municipal Building and the Springfield-Branson National Airport. Provide a brief description of the service available. Address the following items:

- All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.
- Provide information on cut-off times and availability.

2.1.12 Pay Cards:

The City utilizes two types of pay cards – one for employees to receive their full or partial biweekly payroll and one for Workforce Development program participants to utilize. These cards must be no cost for the cardholder to use as debit cards and at select ATM machines. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs. The City needs online access to enroll members in these programs and the ability to provide member support.

2.1.13 Potential Service Modifications:

Use FORM NO. 10: ADDITIONAL SERVICES. Provide information on additional services offered.

2.2 <u>MERCHANT CARD SERVICES</u>:

The City processes credit and debit card charges on-site at approximately 20 separate locations. The City also collects debit, credit, and ACH payments/e-checks online from customers for various permits and services. The Service Provider related to merchant card services must provide the following requirements outlined below.

2.2.1 Scope of Services:

2.2.1.1 Process Visa, MasterCard, Discover and American Express branded credit/debit card charges by our customers at each respective location (pay on-site).

2.2.1.2 Provide the ability and resources to allow electronic payment (pay online) processing technology for each branded credit/debit card source noted above as well as electronic check payments. The City currently utilizes CivicPlus for the form portion of online payments. There is a link on the form that takes the user to the payment platform.

2.2.1.3 Refer to **Exhibit A-2: Merchant Card Services Volume** for transactions and annual dollar amount estimates.

2.2.2 Functionality & Certifications:

2.2.2.1 PCI Certified (documentation of certification must be submitted with your proposal).

2.2.2.2 The provider must provide documentation of PCI certification on an annual basis.

2.2.2.3 The provider must sign a written agreement as required by the current PCI Data Security Standards and must update the written agreement as required by future changes to PCI standards. Refer to **Exhibit A-3: Service Provider Written Agreement for PCI DSS Compliance** for a sample agreement.

2.2.2.4 The provider must provide a platform for completing annual PCI compliance questionnaires and quarterly network scans.

2.2.2.5 The costs and fees for PCI programs and compliance must be disclosed.

2.2.2.6 All fees must be processed as a separate transaction and not embedded in total amount paid.

2.2.2.7 A confirmation number must be provided for each successful online payment.

2.2.2.8 Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

2.2.2.9 Financial reports of all payments are to be available online no later than one business day after the transaction date.

2.2.3 Payment Processing:

2.2.3.1 All technology should provide settlement processing with the City's depository bank. Currently, the City has an existing relationship with Central Bank of the Ozarks.

2.2.3.2 All payments must post to the City's bank account as a single daily deposit.

2.2.4 Training, Support, & Experience:

2.2.4.1 Provide necessary user training.

2.2.4.2 Provide live support services during City's normal business hours.

2.2.5 Rates Disclosure & Other Items to Address:

2.2.5.1 All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

2.2.5.2 Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

2.2.5.3 Identify guarantees against down time.

2.2.5.4 How are chargebacks and disputed charges handled?

2.2.5.5 What type of equipment and data transmission lines are required?

2.2.5.6 What specific information is required of the City to complete the set-up process?

2.2.5.7 What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

2.2.5.8 What is the process for adding new on-site or online payment locations?

2.2.5.9 What is the process for adding or replacing equipment?

2.2.5.10 Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

2.3 PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES:

The City of Springfield has issued over 800 purchasing cards to City employees with annual spend of approximately $11 million a year. The City of Springfield implemented virtual card payments for accounts payable transactions last year and made approximately 600 vendor payments.

The City of Springfield currently receives monthly statements and pays once a month. Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

The Service Provider must provide the services outlined below.

2.3.1 Provide a complete purchasing card program. This includes software, set-up, technical support, administrator/user manuals and assistance in the implementation of this program.

2.3.2 Provide technical support to convert the database if necessary.

2.3.3 Provide a line of credit to the City of Springfield with individual cardholder limits established by the City of Springfield and enforced by the Service Provider's blocking controls.

2.3.4 Ability to block certain transactions based on the MCC code.

2.3.5 Provide individual credit card account numbers for each employee cardholder, which are subsidiary to the City of Springfield's parent account.

2.3.6 Capture data from the transactions made with the purchasing card.

2.3.7 Electronically transmit data received from the vendors to the City on a weekly basis. The data must be received in VCF format.

2.3.8 Maintain the confidentially of employee cardholder's names, addresses, and any other sensitive information.

2.3.9 Other services offered by the provider should be specified in the proposal with the related fees for the services.

2.3.10 Online administration ability.

2.3.11 Ability for cardholders to view their credit limits and other activity online.

2.3.12 Replacements for lost or stolen purchasing cards must be sent via Fed Ex or UPS to the City of Springfield within three business days.

2.3.13 The purchasing card program and all related reports and correspondence must be PCI compliant.

2.3.14 Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.

2.3.15 Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

2.4 SAFEKEEPING SERVICES:

The City of Springfield has an investment portfolio, which holds government and agency marketable securities purchased through banks and brokers.

The following safekeeping services are required:

2.4.1 Provide security safekeeping of City Government securities. Securities must be identified, segregated, and maintained in the City's name. City of Springfield securities may not be pooled or held in street name.

2.4.2 Provide monthly bond reports no later than the second working day following the end of the month showing amortization, interest accrual, book value, and market value. **Submit copies of your firm's bond reports with your proposal.** In addition, indicate any enhancements that are under consideration.

2.4.3 Provide capability to pledge securities through the Federal Reserve to other institutions.

2.4.4 Provide written confirmation of all account transactions.

2.4.5 What are your cutoff times to settle investment transactions?

2.5 OVERALL SERVICES:

2.5.1 The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

2.5.2 The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

2.5.3 Secured email service provided by the bank or provider is required.

2.5.4 Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

2.5.5 What differentiates your service and/or products from other providers?

2.5.6 Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

2.5.7 How do you plan to keep your products/services current and competitive?

2.5.8 Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

3.0 CONVERSION SUPPORT:

In the event a new Service Provider for banking services is selected, most banking related activities would require modification. This may include but not be limited to training staff, providing manuals, installing new hardware and/or software and ensuring data is compatible between the City's financial management system and the Service Provider.

3.1 Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

3.2 Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

3.3 Discuss the level of support your institution would commit to facilitate the City's conversion.

3.4 Estimate the number of hours that would be required to complete the conversion.

3.5 Estimate the City's cost of conversion.

4.0 ADDITIONAL AGREEMENTS: If applicable, any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract. This includes but is not limited to Electronic Business Services Agreements, Automated Clearing House Service Operating Agreements, Agreements on Intent, Bank Bag Deposit Service Agreements, Stored Value System Agreements, Commercial Account Agreements, Safekeeping Agreements, etc. that are required by the Service Provider to perform the services specified herein.

5.0 TENTATIVE TIMELINE:

5.1 Tentative Timeline for RFP Process: The tentative timeline listed below is the City's estimation of time required to complete the RFP process. All efforts shall be made to abide by this schedule, but it may change due to different circumstances.

Post RFP Notification	July 28, 2023
Question Cutoff date	August 10, 2023 at 12:00 P.M. (CDT)
Receive Proposals	August 25, 2023 at 3:00 P.M. (CDT)
Meet to review	week of September 11 or September 18, 2023
Interviews	week of September 25 or October 2, 2023
Notice of Recommendation for Award	week of October 16, 2023
Notice to Proceed	December 1, 2023

PART II

STANDARD INSTRUCTIONS TO OFFERORS AND CONDITIONS OF REQUEST FOR PROPOSAL

1.0 PREPARATION OF PROPOSALS:

1.1 By submitting a proposal, the Offeror certifies that he has fully read and understands the proposal method and has full knowledge of the scope, nature and quality of the work to be performed.

1.2 All proposals submitted shall be binding for one hundred twenty (120) calendar days following the opening.

1.3 The City of Springfield does not pay federal excise and sales tax on direct purchases of tangible personal property. Missouri tax ID #12493651.

2.0 SUBMISSION OF PROPOSALS:

A proposal submitted by an Offeror must (1) be manually, electronically or digitally signed by the authorized agent of the Offeror on the Division of Purchases Request For Proposal Affidavit of Compliance form; (2) contain all information required by the Request For Proposal; (3) be priced as required; (4) be uploaded into the City's e-bidding service provider, DemandStar no later than the exact time and date specified in this Request For Proposal via the following link: https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 (5) include a security deposit if one is required.

2.1 Incurred Expenses: The City is not responsible for any expenses which Offerors may incur in preparing and submitting Proposals called for in this Request for Proposal.

2.2 Late Proposals: Proposals received by the City after the time specified for receipt will not be considered. Offerors shall assume full responsibility for timely uploading of the Proposals to the location designated for receipt of Proposals. All Proposals will be received at the time and place specified and made available for public inspection when a fully executed contract is in place.

2.3 Completeness: All information required by the Request for Proposal must be supplied to constitute a responsive Proposal. The City of Springfield reserves the right to use any and all information presented in any response to the Request for Proposal. Acceptance or rejection of the RFP does not affect this right. **Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.**

3.0 LEGAL NAME AND SIGNATURE: Proposals shall clearly indicate the legal name, address, e-mail address, telephone number, and fax number of the Offeror (company, firm, corporation, partnership, or individual). Proposals may be manually, electronically or digitally signed above the printed name and title of the signer on the Affidavit of Compliance page. The signer shall have the authority to legally bind the company to the submitted Proposal. Failure to properly sign the Title-Signature Page shall invalidate same, and it shall not be considered for award.

4.0 MODIFICATIONS, CORRECTIONS, OR WITHDRAWAL OF PROPOSALS:

4.1 A Proposal may only be withdrawn by the following method prior to the official closing date and time specified:

A. A Proposal may be withdrawn via e-mail to the buyer identified on page one of this document, by the Offeror or its' authorized representative.

4.2 A Proposal may only be modified by the following method prior to the official closing date and time specified:

A. A Proposal that has already been uploaded may be modified by uploading another proposal and identify "MODIFICATION" on your proposal submittal.

4.3 All modified proposals shall not be opened until the official closing date and time to preserve the integrity of the RFP process. Telephone, telegraphic or electronic requests to modify a Proposal/Solicitation shall not be honored. No modification or withdrawal of any response will be permitted after the RFP' specified official closing date and time.

5.0 CLARIFICATION AND ADDENDA:

5.1 Each offeror shall examine the Request for Proposal documents and shall judge all matters relating to the adequacy and accuracy of such documents. Any inquiries or suggestions concerning interpretation, clarification, or additional information pertaining to the Request for Proposal shall be made through the Division of Purchases in writing. The Division of Purchases shall not be responsible for oral interpretations given by any City employee, representative, or others. The issuance of written addenda is the official method whereby interpretation, clarification, or additional information can be given.

5.2 It shall be the responsibility of each Offeror, prior to submitting their Proposal, to check the City's e-bidding service DemandStar at: https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 to determine if addenda were issued and to make such addenda a part of their Proposal.

6.0 RESPONSIVE AND RESPONSIBLE OFFEROR: To be considered a responsive Offeror, the Offeror shall submit a Proposal which meets the minimum requirements set forth in the Request for Proposal. To be a responsible Offeror, the Offeror shall have the capability in all respects to perform fully the minimum requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which will ensure good faith performance.

7.0 RESERVED RIGHTS:

7.1 The City reserves the right to make such investigations as it deems necessary to make the determination of the Offeror's responsiveness and responsibility. Such information may include but shall not be limited to current financial statements, verification of availability of equipment and personnel, past performance records, and any additional documentation as deemed necessary by the City.

7.2 The City reserves the right to reject any and all proposals, to waive technical defects, and to select the proposal(s) deemed most advantageous to the City.

8.0 THE RIGHT TO AUDIT: The Offeror agrees to furnish supporting detail as may be required by the City to support charges or invoices, to make available for audit purposes all records covering charges pertinent to the purchase, and to make appropriate adjustments in the event discrepancies are found. The cost of any audit will be paid by the City. The City shall have the right to audit the Offeror's records pertaining to the work/product for a period of three (3) years after final payment.

9.0 RIGHT TO PROTEST:

9.1 Appeals and remedies are provided for in the Springfield City Code and Purchasing Manual. Protestors shall seek resolution of their complaints with the City Purchasing Agent.

9.2 Any protest shall state the basis upon which the solicitation or award is contested and shall be submitted within thirty (30) calendar days after such aggrieved person knew or could have reasonably been expected to know of the facts giving rise thereto.

10.0 ETHICAL STANDARDS: With respect to this RFP, if any Offeror violates or is a party to a violation of the general ethical standards stated in the City Purchasing Manual or the State of Missouri Statues, such Offeror may be disqualified from furnishing the goods or services for which the Proposal is submitted and may be further disqualified from submitting any future Proposals. A copy of the City's General Ethical Standards is located in sections 13-3.406-13.3.407 of the City Purchasing Manual. The following is the link to the City Purchasing Manual: https://www.springfieldmo.gov/DocumentCenter/View/7604/Purchasing-Manual-PDF

11.0 APPLICABLE LAW: All applicable laws and regulations of the State of Missouri and the City of Springfield, Missouri including the City's Procurement Regulations and Procedures stated in the City Purchasing Manual shall apply to any resulting agreement, contract, or purchase order. Any involvement with City Procurement shall be in accordance with the City Purchasing Manual. The following is the link to the City Purchasing Manual: https://www.springfieldmo.gov/DocumentCenter/View/7604/Purchasing-Manual-PDF

12.0 JURISDICTION: This RFP and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this contract be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

13.0 COLLUSION: By offering a submission to this Request for Proposal, the Offeror certifies it has not divulged, discussed, or compared the Proposal with other Offerors and has not colluded with any other Offeror or parties to this RFP whatsoever. Also, the Offeror certifies, and in the case of a joint Proposal, each party thereto certifies as to their own organization, that in connection with this RFP:

13.1 Any prices and/or cost data submitted have been arrived at independently, without consultation, communication, or contract for the purpose of restricting competition, as to any matter relating to such prices and/or cost data, with any other Offeror or with any competitor.

13.2 Any prices and/or cost data for this Proposal have not knowingly been disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to the scheduled official due date directly or indirectly to any other Offeror or to any competitor.

13.3 No attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit a Proposal for the purpose of restricting competition.

13.4 The only person or persons interested in this Proposal, principal or principals are named therein and that no person other than therein mentioned has any interest in this Proposal or in the contract to be entered into.

13.5 No person or agency has been employed or retained to solicit or secure this contract upon a contract or understanding for a commission, percentage, brokerage, or contingent fee exempting bona fide employees or established commercial agencies maintained by the Purchaser for the purpose of doing business.

14.0 CONFLICT: By submission of its response, the offeror certifies that they are in compliance with items 14.1 through 15.4.

14.1 No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this Contract. A violation of this provision renders the Contract void. Any applicable federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated. Service Provider/Consultant covenants that it presently has no interest and shall not acquire any interest, of a direct or indirect nature, which would conflict in any manner or degree with the performance of services to be performed under this Contract. The Service Provider/Consultant further covenants that in the performance of this Contract no person having such interest shall be employed or compensated by Service Provider/Consultant. City of Springfield Charter Sec. 19.16 also prohibits City board members from contracting with the department the board administrates or with the board he or she is a member of. Please be aware that you have a duty to disclose any member of your business that has a position on a City of Springfield board or commission, is a City Council Member, a City employee, or the spouse or dependent child of a City employee. Failure to do so may render the contract with the City of Springfield void and result in the board member or City Council member or City employee forfeiting his or her job with the City. Additionally, it may be a violation of state law. If you would like more information on this, contact the City or review City Charter Section 19.16 and Section 105.452 RSMo.

NOTE: COMPLETION AND SUBMITTAL OF FORM NO. 8.0 CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST MUST BE SUBMITTED WITH YOUR BID RESPONSE TO BE CONSIDERED RESPONSIVE.

15.0 DEBARMENT AND SUSPENSION STATUS:

15.1 **Offeror** is not currently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any government agency, nor is **Offeror** an agent of any person or entity that is currently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transaction by any government agency.

15.2 **Offeror** has not within a three year period preceding this Invitation been convicted of or had a civil suit judgment rendered against **Offeror** for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statement, or receiving stolen property.

15.3 **The offeror** is not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated above.

15.4 **Offeror** has not, within a three-year period preceding this Invitation, had any government (federal, state, or local) transactions terminated for cause or default.

16.0 RFP FORMS: Unless otherwise specified, Offerors must use the Request for Proposal Forms furnished by the City. Failure to do so shall be grounds for rejection of the proposal. Offerors must indicate any exceptions to the City's requested specifications and/or terms and conditions, on the RFP Affidavit of Compliance. **Taking exception to the specifications and/or terms and conditions MAY render the Offeror's proposal non-responsive and may remove it from consideration for award (depending on the Offeror's noted exceptions).** All exceptions will be reviewed on a case-by-case basis. If no exceptions are noted Offerors must fully comply with the City requested specifications, requirements, and terms and conditions. By signing the Affidavit of Compliance without taking exception to this solicitation you are hereby agreeing to the City's terms and conditions as stated herein. If you disagree with any part of this document, you must state the exception on the Affidavit of Compliance. Additional terms and conditions submitted with your response without taking exception to the solicitation will not be considered and will not become a part of the contract if your proposal is accepted.

17.0 PAYMENT TERMS: Payment terms shall be Net 30 if not otherwise specified. Pre-payment terms are not acceptable. If an Offeror offers a discount on payment terms, the discount time will be computed from the date of satisfactory delivery at place of acceptance and receipt of correct invoice at the office specified.

18.0 REGULATIONS: It shall be the responsibility of each Offeror to assure compliance with OSHA, EPA, Federal, State of Missouri, and City rules, regulations, or other requirements, as each may apply.

19.0 PROPOSAL OPENING: A public opening shall take place on the date and at the time specified on the Title Signature Page. Only the name of the Offerors that submitted Proposals will be read aloud. **The name of offerors will be read aloud publicly at the specified proposal closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222*.** All other information shall remain confidential during the evaluation process. After a fully executed contract is in place, Offeror's may request a debriefing and Proposal files may be examined during normal working hours by appointment.

20.0 REQUEST FOR ADDITIONAL INFORMATION: The Offeror shall furnish such additional information as the City of Springfield may reasonably require. This includes information which indicates financial resources as well as ability to provide services. The City reserves the right to make investigations of the qualifications of the Offeror as it deems appropriate.

21.0 CONTRACT DOCUMENTS: If it is determined that a contract be issued via this solicitation, the contract between the City of Springfield and the Service Provider shall generally consist of: (1) applicable contract document, (2) the Request for Proposal, and any addenda thereto and, (3) the Offeror's proposal, as accepted, submitted in response to the Request for Proposal, and (4) any negotiated Best and Final Offer. Any agreement, contract, or purchase order resulting from the acceptance of a proposal shall be on forms either supplied by or approved by the City.

21.1 Any contract resulting from this solicitation may be executed and delivered by the parties electronically, and fully executed electronic versions of the contract instrument, or reproductions thereof, will be deemed to be original counterparts.

21.2 The successful Offeror shall have ten (10 days) after receipt of the Notice of Recommendation for Award letter to return all requested documentation as required by the Request for Proposal. Failure to comply within the established deadline for submittal of required documents may be grounds for cancellation of the award.

22.0 OWNERSHIP OF DOCUMENTS: All files and information will be submitted before or upon final approval and acceptance of the contract documents. All documents, including original drawings, calculations, computer runs, field notes, drawings, estimates, specifications, written design criteria and written reports are and remain the property of the Service Provider until such time as this Contract is, for any reason, terminated, at which time they become the property of the City.

23.0 CONFIDENTIALITY OF DOCUMENTS: Any reports, data, design or similar information given to or prepared or assembled under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization without prior written approval of the City.

24.0 EQUAL OPPORTUNITY CLAUSE: The City of Springfield, in accordance with the provision of Title VI of the Civil Rights Act of 1964 (78 Stat. 252) and the Regulations of the Department of Commerce (15 CFR, Part 8) issued pursuant to such Act, hereby notifies all qualified firms/providers that the City affirmatively ensure that minority businesses will be afforded full opportunity to submit a proposal in response to this solicitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for award.

24.1 The City of Springfield encourages the participation of Disadvantage Business Enterprises (DBEs). If your firm is a designated DBE, please be sure and identify such on the enclosed **FORM NO. 7 AFFIDAVIT OF COMPLIANCE.**

24.2 The Consultant agrees in the performance of this Contract not to discriminate on the grounds or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or political option or affiliation, against any employee or the Consultant or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

25.0 BUSINESS LICENSE: The Offeror shall obtain and maintain a business license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this business license shall be borne by the Offeror. No contract will be executed by the City until this business license has been obtained.

26.0 NONRESIDENT/FOREIGN CONTRACTORS: The Service Provider shall procure and maintain during the life of this Contract:

26.1 If the Service Provider is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.; and

26.2 A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.

27.0 CERTIFICATE OF COMPLIANCE WITH SECTION 34.600 RSMO., ET SEQ. (ANTI-DISCRIMINATION AGAINST ISRAEL ACT): That pursuant to Missouri Revised Statute Sections 34.600 et., seq. A Service Provider must provide a written certification of compliance with the Anti-Discrimination Act, RSMo. 34.600 et., seq. that the Service Provider is not currently engaged in, and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. This section shall not apply to contracts with a total potential value of less than one hundred thousand dollars or to Service Providers with fewer than ten people.

28.0 ADDITIONAL SERVICES: In addition to the services provided in response to this solicitation, provide other services your firm/company can provide on **FORM NO. 10 ADDITIONAL SERVICES.**

29.0 LOCAL VENDOR PREFERENCE:

29.1 Commodities (when applicable) - A commodity shall be defined as a non-specialized, non-customized mass produced good. In the event two or more Bids to supply a commodity are equal in all evaluation criteria, including cost, such Bids shall be awarded first to the Bidder with offices within Springfield city limits, next to Bidders within Greene County, next to Bidders located in the adjacent counties, then next to other Missouri Bidders. If a tie Bid situation still exists after the application of these criteria, then the Bid shall be awarded by drawing lots or a flip of a coin. The City may also, unless the terms, conditions, and specifications of the solicitation state to the contrary, elect to divide the contract award between two or more Bidders, if it deems such action to be in its best interests, in the exercise of its sole discretion.

29.2 Non-commodities (when applicable) - For procurements of non-commodities the City should take into account factors such as impact on the local economy, time of delivery, maintenance, other pertinent costs, and recommend firms with offices in the Springfield Metropolitan Statistical Area (SMSA) when their Bids are substantially equal in cost, specifications, conditions, and Bidder's qualifications. A Bid shall be substantially equal in cost if the differential for total cost is two percent (2%) or less. When a request for proposal or a bid with evaluation criteria is evaluated, the score given for the criteria of cost for potential vendors within the SMSA shall be increased by 10 percent of the total points possible for cost.

29.3 Nothing in this section shall prohibit the City from evaluating bids and proposals on factors aside from the potential bidder's office location nor from rejecting non-responsive or non-responsible bids.

PART III
FORMAT, CONTENT, AND SUBMISSION OF PROPOSALS

1.0 FORMS AND ATTACHMENTS: The Affidavit of Compliance Form is required to be uploaded with your Proposal. Any exceptions to the RFP terms, conditions and requirements shall be stated on this form. The Proposal shall be signed by a party authorized by law to bind the Offeror, such as an officer listed on a corporation's filing with the Missouri Secretary of State, an owner, or a managing member of an LLC or partnership.

2.0 PROPOSAL DUE DATE: Proposals shall be uploaded to the Division of Purchases e-bidding service, DemandStar no later than **3:00 P.M. (CDT) on FRIDAY, AUGUST 25, 2023**. Proposals will not be accepted after this time.

3.0 ADDENDA: If it becomes necessary to revise or amend any part of this Request for Proposal, an addendum will be posted on the City's website at www.springfieldmo.gov/bids and at:
https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029

Receipt of an addendum to an RFP by an Offeror must be acknowledged by signing and uploading the addendum with your proposal response to https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 prior to the closing time and date.

4.0 SELECTION PROCESS:
The proposals will be evaluated by a Selection Committee comprised of selected City personnel. The overall process may consist of two steps: the first being a review and evaluation of all responsive proposals and the second being the interview phase for the short list of respondents selected for interview.

Step One: Evaluation of Responsive Proposals:

a. Members of the Selection Committee will review and rate each responsive proposal based on the criteria identified in Enclosure I of this document.
b. The Proposal Ranking Score Sheet for the evaluation of the proposals is included as Enclosure I of this document. The Evaluation Committee may request additional submittals. Scores identified on the Proposal Ranking Score Sheets submitted by the Evaluation Committee will be utilized to create a Composite Proposal Score Sheet.
c. The Project Manager and Evaluation Committee may determine via the outcome of the evaluation of the proposal(s) that there is only one firm identified as the highest-ranking firm based on overall composite score results. If it is determined by the Project Manager and Evaluation Committee that there is not a need to interview, the City may negotiate the specific terms of the contract including cost without engaging in an interview process.
d. The Project Manager checks references and prepares a reference check information memo that is distributed to the Evaluation Committee. Reference check information may be taken into consideration as part of the evaluation of responsive proposals process as it pertains to the firm's Experiences & References criteria.

Step Two: Short List Interviews:

a. The Proposal Evaluation Composite Score Sheet, based on the evaluation of responsive proposals, will produce a list of the top-rated proposals that may be selected for interviews (short list) if determined to be necessary by the Project Manager and Evaluation Committee. Oral interviews may be conducted in order to make a final determination of the top-ranking firm if the City determines interviews are necessary.
b. The Interview Ranking Score Sheet for the evaluation of interviews is included as Enclosure II of this document. Scores identified on the Interview Ranking Score Sheets submitted by the Evaluation Committee will be utilized if applicable to create a Composite Interview Score Sheet.
c. The Project Manager checks reference(s) once a short list is determined. A reference check information memo is prepared by the Project Manager and distributed to the interviewing committee. Reference check information may be considered part of the interview process and is taken into consideration pertaining to the firm's Experience & References criteria.
d. Upon selection of the top-rated firm, the City may negotiate the specific terms of the contract including cost.

Step Three: Best and Final Offer (BAFO): The City reserves the right to conduct pre-award discussions, interviews, pre-contract negotiations, and if necessary, a best and final offer (BAFO) with any or all responsive and responsible Offerors who submit Proposals determined to be reasonably acceptable of being selected for award. The City reserves the right to award a contract to a firm solely based on their initial proposal submitted without any further interview, discussion, and negotiations.

4.1 Interviews: The City reserves the right to conduct personal interviews or require presentations of any or all Offerors prior to selection. The City will not be liable for any costs incurred by the Offeror in connection with such interviews/presentations (i.e., travel, accommodations, etc.)

4.2 Negotiations: The City reserves the right to enter into negotiations with the highest-ranking firm. If negotiations with the highest-ranking firm fail, the City may enter into negotiations with the second highest-ranking firm and so on until a contract is executed or if all negotiations fail a new solicitation may be warranted.

5.0 AWARDS:

5.1 Unless otherwise stated in the Request for Proposal, cash discounts for prompt payment of invoices will not be considered in the evaluation of prices if part of the Proposal. However, such discounts are encouraged to motivate prompt payment.

5.2 Award will be made based upon Evaluation Committee recommendation after Proposals have been scored based upon award criteria specified herein.

5.3 Each Proposal is received with the understanding that the acceptance in writing by the City of the offer to furnish any or all the materials, equipment, supplies, or services described therein shall constitute a contract between the Offeror and the City; and shall bind the Offeror to furnish and deliver at the price, and in accordance with the conditions of said accepted Proposal and detailed specifications.

5.4 The City reserves the right to: (1) make awards to multiple proposers; (2) to reject any and all proposals or waive any minor irregularity or technicality in any proposals received; and (3) to disregard all non- conforming or conditional proposals or counter proposals and determine an award that is deemed to be in the best interest of the City.

6.0 BUDGETARY CONSTRAINTS: The City reserves the right to reduce or increase the quantity, retract any item and/or service from the Proposal, or upon notification, terminate entire contract without any obligations or penalty based upon availability of funds.

7.0 ORDER OF PRECEDENCE: Any and all Special/General Conditions and Specifications attached hereto, which varies from the instruction to Offerors, shall take precedence.

8.0 AFFIDAVIT FOR SERVICE CONTRACTS: The Offeror represents, in accordance with RSMO 285.530.2 that they have not employed, or sub-bid with, unauthorized aliens in connection with the scope of work to be done under the RFP and agrees to provide an affidavit to the City of Springfield affirming that they have not, and will not in connection with the RFP, knowingly employ, or sub-bid with, any person who is an unauthorized alien.

9.0 OPEN COMPETITION: It is the intent and purpose of the Division of Purchases that the Request for Proposal process permits free and open competition. However, it shall be the Offeror's responsibility to advise the Division of Purchases if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirement to a single source or otherwise prohibits the submission of a Proposal. The notification should be received by the Division of Purchases at least ten calendar days prior to the specified Request for Proposal due date and time.

10.0 ADDITIONAL PURCHASES BY OTHER PUBLIC AGENCIES: The Offeror by submitting a proposal authorizes other public agencies to “Piggy-Back” or purchase equipment, products, and services being proposed in this Request for Proposal unless otherwise noted on the Affidavit of Compliance Form.

11.0 WORK AUTHORIZATION AFFIDAVIT AND E-VERIFY:

Effective January 1, 2009, and pursuant to the State of Missouri's RSMO 285.530 (1), No business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri.

[RSMO 285.530 (2)] As a condition for the award of any contract or grant in excess of five thousand dollars by the state or by any political subdivision of the state (e.g., Greene County, Mo.) to a business entity, the business entity (Company) shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Every such business entity shall sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

RSMO 285.530 pertains to all solicitations for services over $5,000. RSMO 285.530 does not apply to solicitations for goods only. If a solicitation is for services and goods, RSMO 285.530 applies if the services portion of the solicitation is over $5,000.

The required documentation must be from the federal work authorization program provider. e.g., the electronic signature page from the E-Verify program's Memorandum of Understanding. Letter from Offerors reciting compliance is not sufficient.

The Department of Homeland Security, U.S. Citizenship and Immigration Services, (USCIS) in partnership with the Social Security Administration (SSA) operate a FREE internet-based program called E-Verify, http://www.dhs.gov/everify that allows employers to verify the employment eligibility of their employees, regardless of citizenship. Based on information provided by employees on their Form I-9, E-Verify checks the information electronically against records contained in DHS and Social Security Administration databases. There are penalties for employing an unauthorized alien. The City may enforce any and all penalties available under local, state and/or federal law.

The signed and notarized Work Authorization Affidavit AND the Electronic Signature Page from the E-Verify program are to be provided prior to the issuance of a contract.

CITY OF SPRINGFIELD, MISSOURI
WORK AUTHORIZATION AFFIDAVIT PURSUANT TO SECTION 285.530, RSMo
(REQUIRED FOR ALL BIDS FOR SERVICES IN EXCESS OF $5,000.00)

County of _____)
) ss.
State of _____)

My name is _____. I am an authorized agent of _____ ("Offeror"). Offeror is enrolled and participates in a federal work authorization program for all employees working in connection with services provided to the City of Springfield, Missouri. Offeror does not knowingly employ any person who is an unauthorized alien in connection with the services being provided.

Offeror shall not knowingly employ or contract with an illegal alien to perform work for the City of Springfield, Missouri or enter into a contract with a sub-offeror/sub-contractor that knowingly employs or contracts with an illegal alien.

_____
Affiant

_____
Printed Name

Subscribed and sworn to before me this _____ day of _____, 20___.

_____
Notary Public

SEAL

12.0 INSURANCE REQUIREMENTS: Before a contract is executed, the successful respondent shall furnish the City a CERTIFICATE OF INSURANCE (COI) as described in **Requirements PART IV**. The requirement for the provision of a Certificate of Insurance is conditional based upon whether or not services will be performed on City property. A COI shall be required when services are performed on City property.

13.0 COMPLIANCE: The following items shall be provided by proposer to the City of Springfield Division of Purchases. To be considered complete and responsive, Offeror must submit all Pages identified with **"RETURN THIS PAGE"** of this RFP document. **Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.**

13.1 To be provided with proposal submittal:

- Page 1-TITLE-SIGNATURE PAGE
- Enclosure III: Table of Contents for Submittal
- Form No. 1: Provider Profile
- Form No. 2: Key Outside Consultants (not applicable)
- Form No. 3: References and Experience
- Form No. 4: Resumes of Key Personnel
- Form No. 5: Project Approach Narrative
- Form No. 6A: Banking Services Fee Schedule
- Form No. 6B: Merchant Card Services Fee Schedule
- Form No. 6C: Purchasing Card Services Fee Schedule
- Form No. 6D: Safekeeping Services Fee Schedule
- Form No. 6E: Conversion Support Fee Schedule
- Form No. 6F: Total Cost
- Form No. 7: AFFIDAVIT OF COMPLIANCE
- Form No. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST
- Form No. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)
- Form No. 10: ADDITIONAL SERVICES
- Additional Agreement(s)/Contracts (if applicable)
- Executed Addenda (if applicable)
- A sample copy of the bank's account analysis shall be submitted with your proposal. See paragraph 2.1.10.
- PCI Certified (documentation of certification must be submitted with your proposal. See paragraph 2.2.2.1.
- Submit copies of your firm's bond reports with your proposal. See paragraph 2.4.2.
- Provide copies of recently published reports supporting at least two of the credit ratings. See Form No. 1, Item 5.
- Submit copies of the last two fiscal years' financial statements. See Form No. 1, Item 6.

13.2 To be provided prior to the issuance of a contract:

- Proof of Business License (if applicable): **https://www.springfieldmo.gov/2171/Business-License-Applications**
- Certificate of Insurance (COI) naming the City of Springfield as additional insured. The requirement for the provision of a Certificate of Insurance is conditional based upon whether or not services will be performed on City property.
  NOTE: COI shall identify the **SAME** legal entity company name as reflected on the respondent's Form W-9.
- Form W-9 (new vendor only): **https://www.irs.gov/pub/irs-pdf/fw9.pdf**
  NOTE: Form W-9 shall identify the **SAME** legal entity company name as reflected on the awarded respondent's Certificate of Insurance (COI).
- Work Authorization Affidavit,
- E-Verify Signature Page: **https://www.e-verify.gov/faq/how-do-i-get-a-copy-of-the-memorandum-of-understanding-mou**
- Form No. 11: CERTIFICATION OF SIGNATURE AUTHORITY
- Business Continuity Plan

13.3 All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified on the front cover page of this solicitation. If your business is exempt, the exemption number should be referenced in lieu of a charter number. This information should be completed at the time of offer submittal and shall be required prior to award. To register with the Missouri Secretary of State, please consult: https://bsd.sos.mo.gov/BusinessEntity/BESearch.aspx?SearchType=0

13.4 Respondents' legal entity company name must be identified the SAME on their Form W-9 and Certificate of Insurance (COI).

14.0 SAMPLE CONTRACT: The City has included with this RFP a sample contract for the services requested. This sample is provided for illustrative purposes only. The City reserves the right to submit a contract which differs from the following example:

City of Springfield
Division of Purchases
218 E Central (65802)
PO Box 8368
Springfield, MO 65801-8368
Ph. 417 864-1620
Fax 417-864-1927

Service Provider
Company Name
Attn: _____
Address_____
_____
Ph. _____
Fax _____

THIS CONTRACT, made and entered into this ____ day of _____, 20____, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and _____, a company in the State of _____, hereafter referred to as "Service Provider."

WITNESSETH:

THAT WHEREAS, the City of Springfield desires to engage the Service Provider to provide **Banking Services** described in **Request for Proposal #006-2024** which is attached hereto and incorporated herein as **EXHIBIT A;** and

WHEREAS, the Service Provider submitted a proposal and said proposal is attached hereto and incorporated herein as **EXHIBIT B;** and

WHEREAS, City desires to engage Service Provider to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, IT IS HEREBY AGREED by the parties hereto as follows:

1. City employs Service Provider to perform the services hereinafter set forth.

2. Services. The Service Provider represents that it is equipped, competent, and able to perform, and that it will perform all services hereinafter set forth in a diligent and competent manner in accordance with the professional standard of care customarily recognized by members of Service Provider's profession practicing in the State of Missouri within the same general timeframe. Service Provider will perform all such services in accordance with the following provisions, incorporated into this Contract as if set forth in full herein: City's **Request for Proposal #006-2024** hereinafter **EXHIBIT A,** and the Service Provider's Response to the RFP, hereinafter **EXHIBIT B**. Where the terms of the RFP or the Service Provider's Response to the RFP conflict, the terms of **EXHIBIT A** shall control.

3. Compensation. It is expressly understood that in no event will the compensation to be paid to the Service Provider under the terms of this Contract for the services set forth in the Scope, and for reimbursement of authorized expenses exceed the line-item costs outlined in **EXHIBIT B**. Service Provider agrees that the price for all line items outlined in **EXHIBIT B** shall not increase for a period of one (1) year from the date of agreement execution. If additional services are requested by the City, the Service Provider will prepare and submit to the City an estimate of the total cost associated with such additional services. The City will review and approve in writing the cost estimate for additional services, and the total compensation and reimbursement to be paid by the City to the Service Provider for such approved additional services shall not exceed the approved amount. Service Provider's fees for additional services shall be billed on an hourly basis at Service Provider's current standard rates, which will in no event exceed the amount approved by the City in writing for such additional services.

5. The term of this Contract shall be for a one (1) year period from _____ through _____. The City may at its option renew the Contract up to four (4) additional one-year terms by giving written notice to the Service Provider. Any increase in cost at the beginning of each renewal period will be limited to that allowed per **RFP# 006-2024; Section 15.0; Renewal Option**. All pricing identified on the pricing page shall be in effect for the stated contract term.

6. This Contract may be executed and delivered by the parties electronically, and fully executed electronic versions of the contract instrument, or reproductions thereof, will be deemed to be original counterparts.

7. This contract shall be binding on the parties thereto only after it has been duly executed and approved by the City and the Service Provider.

IN WITNESS WHEREOF, the parties hereto evidence their agreement to the terms of this Contract by their signatures below.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay, therefore.

_____ _____
David Holtmann, Director of Finance Date
or
Acting Director of Finance

APPROVED AS TO FORM

_____ _____
City Attorney or Assistant City Attorney Date

SERVICE PROVIDER

By: _____ _____
Company Authorized Signature Date

Name: _____
Print

Title: _____

CITY OF SPRINGFIELD, MISSOURI

By: _____ _____
Ben Calia, CPPB, City Purchasing Agent Date
or Acting Purchasing Agent

CITY OF SPRINGFIELD, MISSOURI
Administration

By: _____ _____
Jason Gage, City Manager Date
or Designee

15.0 RENEWAL OPTION:

15.1 The City reserves the right to negotiate this contract for four (4) additional one-year renewal periods.

15.2 If the service provider requests an increase in compensation for any renewal period, the service provider shall notify the Purchasing Division no less than sixty (60) days prior to the end of the contract period.

15.3 Adjustments in cost at the beginning of each renewal period must be mutually agreed upon by both parties. All requested increases must be accompanied by justification acceptable to the City to establish allowable renewal term pricing.

15.4 The City's Purchasing Division staff conducting this solicitation shall notify the service provider in writing of the intent to exercise the renewal option. However, failure to notify the consultant does not waive the City's right to exercise the renewal option.

16.0 QUESTIONS REGARDING SPECIFICATIONS OR PROPOSAL PROCESS: To ensure fair consideration for all Offerors, the City prohibits communication to or with any department, board, or employee during the submission process, except as provided. Additionally, the City prohibits communications initiated by an Offeror to the City official(s) or employee(s) evaluating or considering the Proposals prior to the time a fully executed contract is in place. Any communication between Offeror and the City will be initiated by the appropriate City Official(s) or employee(s) in order to obtain information or clarification needed to develop a proper, accurate evaluation of the Proposal. Such communications initiated by an Offeror may be grounds for disqualifying the offending Offeror from consideration for award of the Proposal and/or any future Proposal(s).

16.1 Any questions relative to interpretation of specifications or the Proposal process shall be addressed to the Buyer in writing, in ample time before the period set for the receipt and opening of Proposals. No inquiries, if received after the deadline for final questions date listed in the Scope of Work will be given any consideration. Any interpretation made to prospective Offerors will be expressed in the form of an addendum to the RFP which, if issued, will be conveyed in writing to all prospective Offerors by the City's response to question date listed in the Scope of Work.

16.2 It will be the responsibility of the Offeror to contact the Division of Purchases prior to submitting a Proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to acknowledge addendum with the Proposal. Receipt of an addendum to an RFP by an Offeror must be acknowledged by signing and uploading the addendum with your proposal to https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 prior to the closing time and date.

16.3 Successful Offeror will be notified electronically.

17.0 CRITERIA FOR AWARD: The Evaluation Committee will evaluate Proposals and a recommendation will be made to the Buyer. Each Proposal will be evaluated for full compliance with the RFP instructions to the Offeror and the mandatory terms and conditions set forth within the RFP. The objective of the evaluation will be to recommend the Offeror who is most responsive to the herein described needs of the City. Proposals which are responsive to this Request for Proposal will be evaluated based on, but not limited to the following criteria:

17.1 **20 points** for Evidence of Experience & References with Similar Projects (FORM 3). **Reference checks will be performed by the Project Manager. The results from the reference(s) check will be shared with the Evaluation Committee members.**

17.2 **20 points** for Expertise of Firm/Provider Personnel (FORM 4)

17.3 **25 points** for Applicable Resources (FORM 1, 2, AND 5)

17.4 **25 points** for Project Approach (FORM 5)

17.5 **10 points** for Cost (FORM(S) 6 A, B, C, D, E, F) *

*On August 8, 2016, in General Ordinance 6301, the City Council voted to amend the Springfield City Code, Chapter 2, Administration, Article VI, Finances, Division 2, Purchasing, Section 2-401, known as the Purchasing Manual, by amending Subsection 13-3.104.1. (D) to clarify the local preference provision and by deleting Subsections 13-3.105.2 and 13-3.105.3 to remove a conflicting local preference provision. This amendment specifies that when an RFP is evaluated, the score given to Offerors within the Springfield Metropolitan Statistical Area for the criteria of cost shall be increased by 10 percent of the total points possible for cost. **Points for cost shall be calculated by the Purchasing Division utilizing Form No. 6F: Total Cost.**

17.6 Evaluation Criteria Definitions: (The following definitions are from Merriam-Webster.com/dictionary.)

17.6.1 Acceptable: Capable or worthy of being accepted.

17.6.2 Marginal: Close to the lower limit of qualification, acceptability, or function, barely exceeding the minimum requirements.

17.6.3 Unacceptable: Not acceptable.

ENCLOSURE I
PROPOSAL RANKING SCORE SHEET

SCORING RANGES

	25 Point Questions	20 Point Questions	10 Point Questions
Acceptable	17 – 25	14 – 20	7 – 10
Marginal	9 – 16	7 – 13	4 – 6
Unacceptable	0 – 8	0 – 6	0 – 3

	Evaluation Criteria	Maximum Points	Score
1.	Evidence of Experience & References with Similar Projects (FORM 3) Consider experience and references listed by the firm/provider on Form 3 of the RFP. Is the provider experienced in providing services similar to those requested in the RFP? • Familiarity and experience with similar projects • Consider any sub-consultants to be used and their experience (if applicable)	20	_____
2.	Expertise of Firm/Provider Personnel (FORM 4) Consider comparable experience and background of specific personnel that shall be assigned to the City's project as outlined on Form 4 of the RFP. Also consider the specific involvement of those persons in projects listed on Form 3 of the RFP. Experience on projects of similar scope and size: • Project Manager • Project team • Sub-consultants (if applicable)	20	_____
3.	Applicable Resources (FORM 1, 2, AND 5) Evaluate the extent of applicable resources available to the firm / provider to complete the City's project as listed on Forms 1, 2, and 5 of the RFP • Standard Quality Assurance/Quality Control program or procedures the firm has in place. • Adequacy of proposed team/resources to complete project within proposed time frame.	25	_____
4.	Project Approach (FORM 5) Evaluate the firm/provider's approach to and understanding of the Scope of Services required in the RFP as evidenced by the project approach presented in Form 5. • Project schedule and detailed approach is reasonable/responsive to City's needs. • Roles of all involved parties clearly identified. • Identify/recognize critical or unique issues specific to the project. • Adequacy of proposed communications process. • Unique approaches that have been successful elsewhere.	25	_____
5.	Cost (FORM(S) 6 A, B, C, D, E, F) Determination of cost and pricing data: Consider whether all elements of cost and pricing conform to the requirements of the RFP.	10	

Ranked By: _____

TOTAL POINTS
(100) _____

Revised: BC: 6-6-2023
Approved by Legal:

ENCLOSURE II

INTERVIEW RANKING SCORE SHEET

SCORING RANGES

	25 Point Questions	20 Point Questions	10 Point Questions
Acceptable	17 – 25	14 – 20	7 – 10
Marginal	9 – 16	7 – 13	4 – 6
Unacceptable	0 – 8	0 – 6	0 – 3

	Evaluation Criteria	Maximum Points	Score
1.	Evidence of Experience & References with Similar Projects (FORM 3) Consider experience and references listed by the firm/provider on Form 3 of the RFP. Is the provider experienced in providing services similar to those requested in the RFP? • Familiarity and experience with similar projects • Consider any sub-consultants to be used and their experience (if applicable)	20	_____
2.	Expertise of Firm/Provider Personnel (FORM 4) Consider comparable experience and background of specific personnel that shall be assigned to the City's project as outlined on Form 4 of the RFP. Also consider the specific involvement of those persons in projects listed on Form 3 of the RFP. Experience on projects of similar scope and size: • Project Manager • Project team • Sub-consultants (if applicable)	20	_____
3.	Applicable Resources (FORM 1, 2, AND 5) Evaluate the extent of applicable resources available to the firm / provider to complete the City's project as listed on Forms 1, 2, and 5 of the RFP • Standard Quality Assurance/Quality Control program or procedures the firm has in place. • Adequacy of proposed team/resources to complete project within proposed time frame.	25	_____
4.	Project Approach (FORM 5) Evaluate the firm/provider's approach to and understanding of the Scope of Services required in the RFP as evidenced by the project approach presented in Form 5. • Project schedule and detailed approach is reasonable/responsive to City's needs. • Roles of all involved parties clearly identified. • Identify/recognize critical or unique issues specific to the project. • Adequacy of proposed communications process. • Unique approaches that have been successful elsewhere.	25	_____
5.	Cost (FORM(S) 6 A, B, C, D, E, F) Determination of cost and pricing data: Consider whether all elements of cost and pricing conform to the requirements of the RFP.	10	

Ranked By: _____

TOTAL POINTS (100) _____

Revised: BC: 6-6-2023
Approved by Legal:

ENCLOSURE III
TABLE OF CONTENTS FOR SUBMITTAL

The following table sets forth the specific items to be addressed in the proposal. Respondents are requested to use this page with their proposal and with the corresponding page numbers indicated on the information submitted within their proposal:

A.	TITLE-SIGNATURE PAGE (This form must be signed and dated.)	Page 1
B.	TABLE OF CONTENTS: Submit this page with page numbers provided.	Page 2
C.	LETTER OF TRANSMITTAL: Limit to four (4) pages; to be submitted on the provider's letterhead. 1. Concisely state the provider's understanding of the services required by the City. 2. Include additional relevant information not requested elsewhere in this RFP. 3. The signature of the letter shall be that of a person authorized to represent and bind the firm/provider.	Attachment
D.	EXECUTED ADDENDA (if applicable) The respondent must return the correct number of all numbered addenda with submitted proposal. All Addenda must be signed.	Attachment
E.	PROVIDER PROFILE: Form No. 1 provided.	Page 3
F.	LIST OF OUTSIDE KEY CONSULTANTS/ASSOCIATES OR AGENCIES THAT WILL BE USED FOR THE CITY'S SERVICE: Form No. 2 provided.	Not Applicable
G.	LIST OF REFERENCES AND EXPERIENCE: Form No. 3 provided (Form 3 may be reproduced and attached in sequence if more space is required).	Page _____ - _____
H.	RESUMES OF KEY PERSONNEL: Form No. 4 provided (Form 4 may be reproduced and attached in sequence if more space is required).	Page _____
I.	PROJECT APPROACH NARRATIVE: Form No. 5 provided.	Page _____ - _____
J.	COST: Form(s) provided: (Forms 6A, 6B, 6C, 6D, 6E, 6F)	Page _____
K.	AFFIDAVIT OF COMPLIANCE Form No. 7 (This form must be signed and dated.)	Page _____
L.	CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST Form No. 8 (This form must be signed and dated.)	Page _____
M.	CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act) Form No. 9 (This form must be signed and dated.)	Page _____
N.	AFFIDAVIT, WORK AUTHORIZATION Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)	Page _____
O.	E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)	Page _____
P.	ADDITIONAL SERVICES Form No. 10	Page _____
Q.	CERTIFICATION OF SIGNATURE AUTHORITY Form No. 11 (Must be signed and submitted prior to the issuance of a contract.)	Page _____
R.	ADDITIONAL AGREEMENT(S)/CONTRACTS: (if applicable) Any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract.	Attachment(s): #
S.	A sample copy of the bank's account analysis shall be submitted with your proposal.	Attachment
T.	PCI Certified (documentation of certification must be submitted with your proposal.	Attachment
U.	Submit copies of your firm's bond reports with your proposal.	Attachment
V.	Provide copies of recently published reports supporting at least two of the credit ratings.	Attachment
W.	Submit copies of the last two fiscal years' financial statements.	Attachment

Revised: BC: 6-6-2023
Approved by Legal:

RETURN THIS PAGE

FORM NO. 1: PROVIDER PROFILE

1. Lead Service Provider/Firm(s) (or Joint Venture) Name and Address:

   1a. Provider /Firm is: ___ National ___ Regional ___ Local

   1b. Year Provider/Firm Established:

   Years of Experience providing RFP identified services/project for municipalities:
   Years of Experience providing Banking Services:

   1c. What is the state of incorporation of the entity with whom the City would contract?

   1d. Licensed to do business in the State of Missouri: ___ Yes ___ No

   1e. Principal contact information: Name, title, telephone number and email address:

   1f. Address of office to perform work, if different from Item No. 1:

2. List the number of persons by discipline that your Firm/Joint Venture will commit to the City's project or the services to be provided:

3. If submittal is by Joint Venture or utilizes subcontractors, list participating firms / providers and outline specific areas of responsibility (including administrative, technical, and financial) for each firm:

   3a. Has this Joint Venture previously worked together? ___ Yes ___ No

4. Provide a brief history of your institution with particular attention to the means and timing of your entry into the Springfield market.

5. Report all published credit ratings. Please indicate if the ratings are currently under review for an upgrade or downgrade. **Provide copies of recently published reports supporting at least two of the credit ratings**.

6. **Submit copies of the last two fiscal years' financial statements**. The statements must include an auditor's unqualified opinion and appropriate notes.

FORM NO. 2: KEY OUTSIDE CONSULANTS: Not allowed. Services provided cannot be subcontracted out to other Service Providers.

Page left blank intentionally.

FORM NO. 3: LIST OF REFERENCES AND EXPERIENCE

Work by Service Provider/Firm (including any subcontractors or Joint-Venture companies) that best illustrate current qualifications relevant to the City's project that has been/is being accomplished by personnel during the past five (5) years that shall be assigned to the City's project. **Provide a list of at least four client references of similar sized accounts. At least two of the references should be public entity account.**

Project Name & Location:

Completion Date (Actual or Estimated):

Project Owners Name & Address:

Project Owner's Contact Person, Title & Telephone Number:

Estimated Cost (in Thousands) for Entire Project: $

Estimated Cost (in Thousands) for work performed by responsible Service Provider/Firm: $

Scope of Entire Project: (Please give quantitative indications wherever possible).

Nature of Service Provider's/Firm's responsibility in project: (Please give quantitative indications wherever possible).

Service Provider's/Firm's Personnel (Name/Project Assignment) who worked on the stated project that shall be assigned to the City's project:

FORM NO. 4: RESUMES OF KEY PERSONNEL

Brief resume of key persons, specialists, and individual service providers that shall be assigned to the City project:

a. Name and Title:

b. Project Assignment:

c. Name of Service Provider/Firm with which associated:

d. Years of Experience:
With this service provider/firm ___ other service providers/firms ___

e. Education: Degree(s)/Year/Specialization:

f. Current Registration(s):

g. Other Experience & Qualifications relevant to the proposed project:

FORM NO. 5: PROJECT APPROACH NARRATIVE

Use this space to provide a detailed project approach including but not limited to:

- Project schedule and detailed approach is reasonable/responsive to City's needs;
- Roles of all involved parties clearly identified;
- Identify/recognize critical or unique issues specific to the project and successful critical or unique approaches used elsewhere;
- Proposed communication process.

Provide concise information in the following format:

I. BANKING SERVICES:

1. Account Information

   a. All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained.

   b. Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

   c. Workforce Development: We require a method of issuing monies on bank cards to enrolled participants.

   d. The City requires all transactions be available on the online banking website within twenty-four (24) hours.

   e. The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

2. Deposits

   a. Describe deposit bag process and deposit slip coding available to assist with location reconciliation.

   b. Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

   c. Provide a map of Springfield showing the location of branch offices. Indicate which branches have a night depository. Indicate the location of the vault operations.

   d. Provide a deposit availability schedule.

3. Check Clearing

   a. Describe the process for handling returned checks.

   b. Describe the stop payment and voided check procedures.

   c. How long are stop payments effective?

   d. Are stop payments automatically extended?

   e. Describe the City's liability exposure for fraudulent checks.

4. Online Banking Services

   a. Provide a description and examples of the bank's software products and services.

   b. Fees associated with online banking services should be listed on **FORM NO. 6A: BANKING SERVICES FEE SCHEDULE**.

   c. Describe reporting capabilities and provide examples.

   d. Describe security features such as multi-factor authentication and audit logs.

   e. What are the cutoff times for wires, ACHs, and transfers?

   f. Are wire and ACH templates available?

   g. Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

   h. Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

   i. What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

5. Wire Transfers

   a. State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

   b. Describe security features your bank has in place to ensure the integrity of your wire transfer system.

   c. Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

6. ACH Transactions

   a. The City requires the ability to place a filter on incoming and outgoing ACH payments.

7. Electronic Deposits

   a. Provide a brief description of the service available. Address the following items:

      - All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.

      - Provide information on cut-off times and availability.

8. Pay Cards

   a. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs.

II. MERCHANT CARD SERVICES:

1. Process Visa, Mastercard, Discover and American Express branded credit/debit card charges by our customers at each respective location.

2. Fees associated with merchant card services, including costs and fees for PCI programs and compliance, should be listed on **FORM NO. 6B: MERCHANT CARD SERVICES FEE SCHEDULE.**

3. Functionality and Certifications

   a. Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

4. Rates Disclosure & Other Items to Address

   a. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

   b. Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

   c. Identify guarantees against down time.

   d. How are chargebacks and disputed charges handled?

   e. What type of equipment and data transmission lines are required?

   f. What specific information is required of the City to complete the set-up process?

   g. What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

   h. What is the process for adding new on-site or online payment locations?

   i. What is the process for adding or replacing equipment?

   j. Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

III. PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES:

1. Describe your purchasing card program.

2. Fees associated with purchasing card services should be listed on **FORM NO. 6C: PURCHASING CARD SERVICES FEE SCHEDULE**.

3. Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.

4. Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

IV. SAFEKEEPING SERVICES:

1. Describe your safekeeping services.

2. Fees associated with safekeeping services should be listed on **FORM NO. 6D: SAFEKEEPING SERVICES FEE SCHEDULE**.

3. Submit copies of your firm's bond reports with your proposal. In addition, indicate any enhancements that are under consideration.

4. What are your cutoff times to settle investment transactions?

V. OVERALL:

1. The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

2. The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

3. Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

4. What differentiates your service and/or products from other providers?

5. Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

6. How do you plan to keep your products/services current and competitive?

7. Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

VI. CONVERSION SUPPORT:

1. Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

2. Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

3. Discuss the level of support your institution would commit to facilitate the City's conversion.

4. Estimate the number of hours that would be required to complete the conversion.

5. Estimate the City's cost of conversion. Fees associated with conversion support should be listed on **FORM NO. 6E: CONVERSION FEE SCHEDULE**.

VII. OTHER:

1. List the name of the designated account executive as well as an alternate. The designated account executive must have the authority to make timely decisions in the normal course of business on their own. Resumes must be provided for all key account executives designated to serve this account. Use **FORM NO. 4: RESUMES OF KEY PERSONNEL**.

   a. Designated Account Executive contact information: Name, title, telephone number and email address.

   b. Alternate Account Executive contact information: Name, title, telephone number and email address.

2. Specifically discuss your approach to developing preliminary and final project plans.

3. Describe a written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

FORM NO. 6A: **BANKING SERVICES FEE SCHEDULE**

Refer to **EXHIBIT A-1: Banking Services Volumes.** These numbers represent the City's best estimate of the average volume and the City in no way guarantees these as minimum or maximum volumes.

I. Interest Rate Calculations

1. Interest Rate Paid on Available Balances _____%

2. Interest Rate Paid on Overnight Repurchase _____%

3. Describe Interest Rate Calculation: _____
_____
_____

II. Include an itemized cost breakdown of the services you are proposing and the fees associated with online banking services.

FORM NO. 6B: MERCHANT CARD SERVICES FEE SCHEDULE

Refer to **Exhibit A-2: Merchant Card Services Volume** for transactions and annual dollar amount estimates.

I. The costs and fees for PCI programs and compliance must be disclosed.

II. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

FORM NO. 6C: PURCHASING CARD SERVICES FEE SCHEDULE

Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

FORM NO. 6D: SAFEKEEPING SERVICES FEE SCHEDULE

Indicated the fees associated with safekeeping services.

FORM NO. 6E: CONVERSION COST

Provide a breakdown of costs associated with conversion support.

FORM NO. 6F: TOTAL COST

Overall total project cost to include all related costs associated with the proposed project or scope of services, to include but not limited to: Personnel, total hours, and service-related expenses.

TOTAL ANNUAL COST, FORM NO. 6A: BANKING SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6B: MERCHANT CARD SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6C: PURCHASING CARD SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6D: SAFEKEEPING SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6E: CONVERSION COST	$_____
TOTAL ANNUAL COST (FORM NO. 6A, 6B, 6C, 6D & 6E)	**$**_____

FORM NO. 7: AFFIDAVIT OF COMPLIANCE

To be submitted with Offeror's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

_____ We **TAKE** exception to the RFP Documents/Requirements as follows:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this RFP unless otherwise stipulated herein.

Company Name: _____

Telephone Number: _____

By: _____
(Authorized Person's Signature)

Fax Number: _____

_____
(Print or type name and title of signer)

Email: _____

_____
(Company Street/P.O. Box Address)

Federal Tax ID No.: _____

_____
(City, State, Zip Code)

Date: _____

DBE Vendor (Yes/No): _____

Minority Owned: ____

Women Owned: ____

Veteran Owned: ____

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST

The City's Charter, Sec. 19.16, prohibits any Council member or employee of the City from having a financial interest, direct or indirect, in any contract with the City and any member of a City board or commission from having a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he or she serves.

*****If the prohibition above is violated, <u>the contract is void</u> and the Council member, City board or commission member forfeits his or her office or the employee forfeits his or her employment*****

Vendor certifies that **(check all that apply):**

1. ____ No City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

2. ____ No spouse or dependent child of a City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

---

3. ____ A City Council member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

4. ____ A City employee or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

5. ____ A City board/commission member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

If choosing 3, 4, or 5, please provide name of Council member, employee, board or commission member, or spouse:

_____

Vendor Certification:

I certify the information above is true and accurate.

By: _____

Print Name: _____

Title: _____

Company: _____

Please note whether the Charter is violated is fact specific. City staff will follow up with you for additional information.

Revised: BC: 6-6-2023
Reviewed by Law:

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FORM NO. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)

Effective August 28, 2020

(Does not apply to contracts totaling less than $100,000.00, or fewer than 10 employees.)

I am _____ (name), and am the _____ (title) of _____ (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial one]

_____. I hereby certify that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, in accordance with the terms and conditions set forth in 34.600 RSMo., et seq.

or:

_____. The business employs less than 10 employees.

_____
Company Name (List official name of Business Entity.)

_____
Signature

_____
Printed Name

_____
Title

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 10: ADDITIONAL SERVICES

SERVICE: Use additional copies of this form if necessary.
1.
2.
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20.

Revised: BC: 6-6-2023
Reviewed by Law:

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FORM NO. 11: CERTIFICATION OF SIGNATURE AUTHORITY

I _____ (print name), am the _____ (title) of _____(company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial]

_____. I hereby certify that the signature on the contract document has the authority to sign contracts on behalf of the company and to legally bind the company in the execution of said contract documents.

_____
Company Name (List Official Name of Business Entity)

_____
Signature

_____
Print Name

_____
Title

FORM NO. 12: STATEMENT OF "NO PROPOSAL"

RETURN THIS PAGE ONLY IF YOUR COMPANY PROVIDES THE PRODUCTS/SERVICES REQUESTED AND DECLINES TO DO SO.

WE, THE UNDERSIGNED, HAVE DECLINED TO SUBMIT A PROPOSAL ON **RFP NO. 006-2024** FOR **BANKING SERVICES** FOR THE FOLLOWING REASON(S):

_____ SPECIFICATIONS ARE TOO "TIGHT", I.E. GEARED TOWARD ONE BRAND OR MANUFACTURER ONLY (PLEASE EXPLAIN REASON BELOW)

_____ INSUFFICIENT TIME TO RESPOND TO REQUEST FOR PROPOSAL.

_____ WE DO NOT OFFER THIS PRODUCT/S OR EQUIVALENT.

_____ REMOVE US FROM YOUR BIDDERS' LIST FOR THIS COMMODITY OR SERVICE

_____ OUR PRODUCT SCHEDULE WOULD NOT PERMIT US TO PERFORM.

_____ UNABLE TO MEET SPECIFICATIONS.

_____ UNABLE TO MEET INSURANCE REQUIREMENTS.

_____ SPECIFICATIONS UNCLEAR (PLEASE EXPLAIN BELOW).

_____ OTHER (PLEASE SPECIFY BELOW).

REMARKS: _____

_____

_____

_____

COMPANY NAME: _____

ADDRESS: _____

SIGNATURE AND TITLE: _____

TELEPHONE NUMBER: _____

DATE: _____

PART IV
INSURANCE REQUIREMENTS

Without limiting any of the other obligations or liabilities of the Service Provider, the Service Provider shall secure and maintain at its own cost and expense, throughout the duration of this Contract and until the work is completed and accepted by the City, insurance of such types and in such amounts as may be necessary to protect it and the interests of the City against all hazards or risks of loss as hereunder specified or which may arise out of the performance of the Contract Documents. The form and limits of such insurance, together with the underwriter thereof in each case, are subject to approval by the City. Regardless of such approval, it shall be the responsibility of the Service Provider to maintain adequate insurance coverage at all times during the term of the Contract. Failure of the Service Provider to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under the Contract Documents.

The certificates of insurance, including evidence of the required endorsements hereunder or the policies, shall be filed with the City within ten (10) days after the date of the receipt of Notice of Award of the Contract to the Service Provider and prior to the start of work. **All insurance policies shall provide thirty (30) days written notice to be given by the insurance company in question prior to modification or cancellation of such insurance and shall list the City as an additional insured and shall be accompanied by the policy's endorsements adding the City as an additional insured.** Such notices shall be sent via email to purchasingquotes@springfieldmo.gov, faxed to 417-864-1927, or mailed to:

City of Springfield, 218 E. Central, Springfield, MO 65802

As of January 1, 2022, the minimum coverage for the insurance referred to herein shall be as set out below:

A. **Workers' Compensation:** Statutory coverage per RSMo 287.010 et seq
Employer's Liability: $1,000,000.00

B. **Commercial General Liability Insurance,** including coverage for Contractual Liability and Independent Contractors Liability. Such coverage shall apply to bodily injury and property damage on an "Occurrence Form Basis" with limits of at least **Three Million and no/100 Dollars ($3,000,000.00)** for all claims arising out of a single accident or occurrence. Service Provider agrees that the proceeds of such insurance policy shall first be used to pay any award, damages, costs, and/or attorney fees incurred by or assessed against City, its employees, officers and agents, before payment of any award, damages, costs or attorneys' fees of Service Provider, its employees, officers or agents. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy, including the City as an additional insured for coverage under its products-completed operations hazard, and said policy shall be primary and noncontributory.

C. **Automobile Liability Insurance:** Covering Bodily Injury and Property Damage for owned, non-owned and hired vehicles with limits of **Three Million and no/100 Dollars ($3,000,000.00)** for all claims arising out of a single accident or occurrence. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy.

D. **Directors' and Officers' (D&O) Liability Insurance** with an errors and omissions, and fraud clauses with a minimum limit of **Five Million Dollars ($5,000,000.00)**.

E. **Professional Liability:** Technology Errors & Omissions insurance will be carried with a limit of at least **One Million Dollars ($1,000,000.00)** per occurrence or glitch. Such coverage shall include content/intellectual property coverage, and security/identity theft coverage. If insurance is written on a claims-made basis, vendor must maintain continuous coverage with a retro-active date prior to the effective date of the contract.

F. **Network Security (Cyber) and Privacy Liability:** Network Security (Cyber) and Privacy Liability insurance will be carried with a limit of at least **One Million Dollars ($1,000,000.00)** per occurrence and at least **Two Million Dollars ($2,000,000.00)** for each claim annual aggregate.

Such insurance shall include, but not limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include loss of use, breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Service Provider warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

G. **Business Continuity Plan:** Contractor must have a **Business Continuity Plan**. Describe the plan you currently have in place, as well as the process you have in place for safekeeping of all documents**.**

H. **Subcontracts:** In case any or all of this work is sublet, the Service Provider shall require the subcontractor to procure and maintain all insurance required in subparagraphs (A), (B), (C), (D), (E), (F) and (G) hereof and in like amounts. Service Provider shall require any and all subcontractors with whom it enters into a contract to perform work on this project to protect the City of Springfield through insurance against applicable hazards or risks and shall, upon request of the City, provide evidence of such insurance.

I. **Notice:** The Service Provider and/or subcontractor shall furnish to the City prior to beginning the work, satisfactory proof of carriage of all the insurance required by this contract, with the provision that policies shall not be canceled, modified or non-renewed without thirty (30) days written notice to the City of Springfield. **The thirty (30) day cancellation notice is required to be identified on the submitted Certificate of Insurance (COI).**

PART V
STANDARD TERMS AND CONDITIONS

A. Services. The City agrees to engage the services of the Service Provider and the Service Provider agrees to perform the services hereinafter set forth in accordance with the standard of care, skill and expertise ordinarily used by other members of Service Provider's profession in performing similar services. No services shall be provided by Service Provider until this Contract has been fully executed.

B. Addition to Services. The City may add to the Service Provider services or delete therefrom activities of a similar nature provided that the total cost of such work does not exceed the total cost allowance as specified in the final contract document. The Service Provider shall undertake such changed activities only upon the direction of the City. All such directives and changes shall be in written form and prepared and approved by the City and shall be accepted and countersigned by the Service Provider.

C. Exchange of Data. All information, data, and reports in the City's possession and necessary for the carrying out of the services related to this Contract, shall be furnished to the Service Provider without charge, and the parties shall reasonably cooperate in connection with this Contract.

D. Personnel. The Service Provider represents that Service Provider will secure at Service Provider's own expense, all personnel required to perform the services called for under this Contract by Service Provider. Such personnel shall not be employees of or have any contractual relationship with the City except as employees or independent contractors of the Service Provider. All of the services required hereunder will be performed by the Service Provider or under Service Provider's direct supervision and all personnel engaged in the services shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this Contract shall be subcontracted without the written approval of the City.

E. Conditioned upon acceptable performance. Provided Service Provider performs the services in the manner set forth in paragraph A hereof, the City agrees to pay the Service Provider in accordance with the terms set forth in this Contract, which shall constitute complete compensation for all services to be rendered under this Contract; provided, that where payments are to be made periodically to Service Provider for services rendered under this Contract, the City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely or satisfactory manner in accordance with the schedule and description of services set forth in this contract.

F. Termination of Contract:

1. Termination for breach. Failure of the Service Provider to fulfill Service Provider's obligations under this Contract in a timely and satisfactory manner in accordance with the schedule and description of services set forth in the Contract Parts shall constitute a breach of the Contract, and the City shall thereupon have the right to immediately terminate the Contract. The City shall give written notice of termination to the Service Provider by one of four different means: Facsimile Transmission ("FAX") if Service Provider has a FAX number; U.S. Postal Service Mail; or by hand delivering a copy of the same to the Service Provider; or by electronic mail to the address identified on contract document; or may give notice by any combination of the above methods. The date of termination shall be the date upon which notice of termination is hand delivered to Service Provider or given by FAX or electronic mail, or the third day following mailing of the notice of termination, whichever first occurs. In the event of termination for breach, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the Service Provider related to this Contract shall at the option of the City become its property, and the Service Provider shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials; provided, that the Service Provider shall not be relieved of liability to the City for any damages sustained by the City by virtue of any such breach of the Contract by the Service Provider.

1a. Attorney Fees: In the event of any litigation arising from breach of this Contract, the City shall be entitled to recover from the Service Provider all reasonable costs incurred for such litigation, including staff time, court costs, attorney fees, and all other related expenses incurred in such litigation.

2. Termination for Convenience. The City shall have the right at any time upon 15 days' written notice to Service Provider to terminate and cancel this Contract, without cause, for the convenience of the City, and Service Provider shall immediately stop work upon issuance of such notice. In such event City shall not be liable to Service Provider except for payment for actual work performed prior to such notice in an amount proportionate to the completed contract price and for the actual costs of preparations made by Service Provider for the performance of the cancelled portions of the Contract, including a reasonable allowance of profit applicable to the actual work performed and such preparations. Anticipatory profits and consequential damages shall not be recoverable by Service Provider.

G. Confidentiality of Documents. Any reports, data, design or similar information given to or prepared or assembled by the Service Provider under this Contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Service Provider without prior written approval of the City.

H. Discrimination. The Service Provider agrees in the performance of this Contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, status as a protected veteran or status as a qualified individual with a disability, or political opinion or affiliation, against any employee of Service Provider or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder. The parties hereby incorporate the requirements of 41 C.F.R. §§ 60-1.4(a)(7), 29 C.F.R. Part 471, Appendix A to Subpart A, 41 C.F.R. § 60-300.5(a) and 41 C.F.R. § 60-741.5(a), if applicable.

1. **This Service Provider and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.**

2. **This Service Provider and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.**

I. Occupational License: The Service Provider shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by City Code as well as any required state or federal license. The cost for this occupational license shall be borne by the Service Provider. No contract will be executed by the City until this occupational license has been obtained.

J. Nonresident/Foreign Service Providers. The Service Provider shall procure and maintain during the life of this Contract:

1. If the Service Provider is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.; and

2. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.

K. General Independent Service Provider Clause. This Contract does not create an employee/employer relationship between the parties. It is the parties' intention that the Service Provider will be an independent contractor and not the City's employee for all purposes, including, but not limited to: the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Service Provider will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Service Provider's activities and responsibilities hereunder. The Service Provider agrees that it is a separate and independent enterprise from the City, that it has a full opportunity to find other work, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the services. This Contract shall not be construed as creating any joint employment relationship between the Service Provider and the City, and the City will not be liable for any obligation incurred by the Service Provider, including but not limited to unpaid minimum wages and/or overtime premiums.

L. City Benefits. The Service Provider shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Workers' Compensation Program of the City.

M. Notices. All notices required or permitted hereinunder and required to be in writing may be given by FAX, electronic mail (if to Service Provider), or by first class mail addressed to City or Service Provider at the addresses identified on the contract document. The date of delivery of any notice provided by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission or electronic mail (if to Service Provider) shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the location of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.

N. Jurisdiction. This Contract and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this Contract be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

O. Delivery: Time is of the essence of this project. If completion times are not met at the time agreed upon, the City reserves the right to cancel or to purchase elsewhere and hold Service Provider liable for any re-procurement costs.

P. Invoices: An invoice shall be submitted and shall show the purchase order number or contract number and contain full descriptive information of items or services furnished. All invoices must be received within one year of completion of project or receipt of goods by the City or any possible payment is forfeited.

Q. Bankruptcy or Insolvency: In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, of the property of Service Provider, or in the event of breach of any of the terms hereof including the warranties of the Service Provider, City may cancel this contract or affirm the contract and hold Service Provider responsible in damages.

R. Compliance with Applicable Laws: The Service Provider warrants it has complied with all applicable laws, rules and ordinances of the United States, or any state, municipality or any other governmental authority or agency in the provision of service covered by this contract, including but not limited to all provisions of the Fair Labor Standard Act of 1938, as amended. All applicable laws and Springfield City Code and Purchasing Manual will apply to any resulting contract, contract, or purchase order. Any involvement with the City Procurement shall be in accordance with the Procurement Regulations, Policies and Purchasing Manual. Service Provider agrees to comply with all applicable federal, state and local laws and rules and regulations applicable to the provision of services and products hereunder. Service Provider affirmatively states that payment of all local, state, and federal taxes and assessments issued to Service Provider has been made in full.

S. Interpretation of Contract And Assignments: The contract shall be construed according to the laws of the State of Missouri. The contract, or any rights, obligations or duties hereunder may not be assigned by Service Provider without City's written consent or any attempted assignment without such consent shall be void.

T. Provisions by Law Deemed Inserted: Each and every provision of the law and clauses required by law to be inserted in this contract will be deemed to be inserted herein and will read and enforced as though it were included herein, and if through mistake, or otherwise any such provision is not inserted, then upon the application of either party the contract will be physically amended to make such insertion or correction.

U. Assignment: The Service Provider shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Service Provider from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this contract, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this contract, though City will attempt to so notify any such assignee.

V. Proprietary Information: In accordance with the Missouri Sunshine Law, and except as may be provided by other applicable state and federal law, all Service Providers should be aware that Requests for Proposals and the responses thereto become open public records once a contract is negotiated or all proposals are rejected. However, Service Providers are requested to identify specifically any information contained in their Proposals which they consider confidential and/or proprietary and which they believe to be exempt from disclosure, citing specifically the applicable exempting law. **Failure of Service Provider to cite specifically to the applicable law exempting disclosure under the Sunshine Law may result in disclosure of such information. Service Provider should identify any information as confidential and/or proprietary by stamping each page with such information "Confidential" and/or "Proprietary." This requirement also applies to the electronic copy that is to be submitted.**
All Proposals received from Service Providers in response to this Request for Proposal will become the property of the City of Springfield and will not be returned to the Service Providers. In the event of contract award, all documentation produced as part of the contract will become the exclusive property of the City.

W. Indemnity and Hold Harmless:

1. In no event shall the City be liable to the Service Provider for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this Contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this Contract.

2. The Service Provider shall defend, indemnify and save harmless the City, its elected or appointed officials, agents and employees from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims in any manner caused by, or allegedly caused by, or arising out of, or connected with, this Contract, or the work or any subcontract thereunder (the Service Provider hereby assuming full responsibility for relations with subcontractors), including, but not limited to, claims for personal injuries, death, property damage, or for damages from the award of this Contract to Service Provider.

3. The Service Provider shall indemnify and hold the City harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.

4. The indemnification obligations of Service Provider hereunder shall not be limited by any limitations as to the amount or type of damages, compensation or benefits payable by or for the Service Provider, under any federal or state law, to any person asserting the claim against City, its elected or appointed officials, agents and employees, for which indemnification is sought.

5. The indemnification obligations herein shall not negate, abridge or reduce in any way any additional indemnification rights of the City, its elected or appointed officials, agents and employees, which are otherwise available under statute, or in law or equity.

6. Service Provider affirms that it has had the opportunity to recover the costs of the liability insurance required in this agreement in its Contract price. Service Provider's obligation under this agreement to defend, indemnify and hold harmless any person from that person's own negligence or wrongdoing is limited to the coverage and limits of the applicable insurance.

7. The Service Provider shall indemnify and hold the City harmless for any penalties, fines, fees or costs, including costs of defense, which are charged or assessed by any Federal, state or local agency including, but not limited to, Environmental Protection Agency or Department of Natural Resources.

X. Sub-Contracts:

1. The Service Provider shall not execute an agreement with any sub-contractor to perform any work until the City has provided written consent of the use of such sub-contractor.

2. The Service Provider shall be fully responsible to the City for the acts and omissions of any sub-contractors, and of persons either directly or indirectly employed by them, as Service Provider is for the acts and omissions of persons directly employed by them.

3. The Service Provider shall cause appropriate provisions to be inserted in all sub-contracts relative to the work to require compliance by each sub-contractor with the provisions of the Contract.

4. Nothing contained in the Conditions shall create any contractual relationship between any sub-contractor and the City.

EXHIBIT A-1: BANKING SERVICES VOLUMES

DESCRIPTION	AVERAGE MONTHLY VOLUME	CY2022 ANNUAL VOLUME
ACHs Initiated (manually initiated not via AP file)	73	872
Wires Initiated	22	262
Accounts payable checks issued	1,391	16,692
Accounts payable-initiated ACH transactions	127	1,524
Virtual card payments issued	45	540
Pay cards for payroll and Workforce Development participants	N/A	1,700

EXHIBIT A-2: MERCHANT CARD SERVICES VOLUME

LOCATION	CY2022 NUMBER OF TRANSACTIONS	CY2022 TRANSACTION DOLLAR AMOUNT
Art Museum	873	$229,458
Art Museum Online	542	31,687
Building Development Services	1,319	255,464
Busch Building Cashier (multiple locations)	76	16,425
Fire Department	91	10,623
Fire Department Online	498	22,779
Health Animal Control	221	14,621
Health Business Office	5,381	164,725
Health Online	97	1,288
Licensing	2,357	384,437
Municipal Court	811	124,744
Public Works/Environmental Services (multiple locations)	454	685,434
Service Center Fuel Pump (currently through Elavon)	816	20,220
Parks Cooper Concessions	1,817	15,199
Parks Killian Concessions (new)	0	0
Parks Meador Softball/Baseball	544	4,517
Zoo	20,247	764,725
Springfield Online	1,157	121,918
TOTAL ANNUAL COST	**37,301**	**$2,868,264**

EXHIBIT A-3: SERVICE PROVIDER WRITTEN AGREEMENT FOR PCI DSS COMPLIANCE

Unless noted on FORM NO. 7: AFFIDAVIT OF COMPLIANCE by taking exception, the Offeror agrees to the following.

1. PCI DSS Compliance: SERVICE PROVIDER recognizes that City is required to adhere to the Payment Card Industry Data Security Standard (PCI DSS) promulgated by the PCI Security Standards Council; and SERVICE PROVIDER possesses, handles, has access to, processes, transmits, and/or stores cardholder data in the performance of services provided to the City, and is therefore considered a service provider under Requirement 12.8 of the PCI DSS; and Requirement 12.8.2 of the PCI DSS requires the City to maintain a written agreement that includes an acknowledgement that the service provider is responsible for the security of cardholder data that the service provider possesses, handles, has access to, processes, transmits, and/or stores on behalf of the City; and Requirement 12.8.4 of the PCI DSS requires the City to maintain a program to monitor the service provider's PCI DSS compliance status; therefore

   a. SERVICE PROVIDER agrees that it is responsible for the security of City payment card data that it possesses, handles, has access to, processes, transmits, and/or stores.

   b. SERVICE PROVIDER affirms that, as of the effective date of this [agreement, renewal, addendum], it has complied with or will comply with all applicable requirements to be considered PCI DSS compliant and has performed the necessary steps to validate its compliance with the PCI DSS.

   c. SERVICE PROVIDER agrees to supply the current status of Service provider's PCI DSS compliance status, and evidence of its most recent validation of compliance upon execution of this Renewal to City. SERVICE PROVIDER must supply to City a new status report and evidence of validation of compliance at least annually.

   d. SERVICE PROVIDER will immediately notify City if it learns that it is no longer PCI DSS compliant and will immediately provide City the steps being taken to remediate the non-compliance status. In no event should SERVICE PROVIDER's notification to City be later than seven (7) calendar days after Service provider learns it is no longer PCI DSS complaint.

   e. SERVICE PROVIDER acknowledges that its indemnification requirements include indemnification for failure of SERVICE PROVIDER to be and to remain PCI DSS compliant.

ADDENDUM #1

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

REQUEST FOR PROPOSAL (RFP) #006-2024

FOR: BANKING SERVICES

Denise Neuleib, Buyer
Email: dneuleib@springfieldmo.gov
Phone: 417-864-1624

Date Issued: August 23, 2023
***REVISED DUE DATE*: WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M.**

The original **Request for Proposal #006-2024** for **BANKING SERVICES** documents shall remain in effect except as revised by the following changes, which shall take precedence over anything to the contrary in the specifications.

Please Note: The format of this addendum document will detail questions asked, answers provided, clarifications and statements made and will be denoted as follows: Q = Question, A = Answer, C = Clarification and S = Statement

S1 = The original solicitation document for **Request for Proposal #006-2024** had an original closing date and time of Friday, August 25, 2023 by 3:00 P.M. (CT). **The bid opening date has been extended until WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M. (CT).**

S2 = The following exhibits have been added to RFP #006-2024:

Exhibit A-4: Account Balance and Interest Rate Information
Exhibit A-5: Investment Summary

BANKING SERVICES

1. **Q = Please confirm that the below volumes included in the RFP reflect volumes for these services from all accounts.**

EXHIBIT A-1: BANKING SERVICES VOLUMES

DESCRIPTION	AVERAGE MONTHLY VOLUME	CY2022 ANNUAL VOLUME
ACHs Initiated (manually initiated not via AP file)	73	872
Wires Initiated	22	262
Accounts payable checks issued	1,391	16,692
Accounts payable-initiated ACH transactions	127	1,524
Virtual card payments issued	45	540
Pay cards for payroll and Workforce Development participants	N/A	1,700

A = The volumes presented are for the general disbursement account. The 1,700 pay cards represent the total number that have been issued. They are not all active. Some cards for participants are only loaded a few times. They are not ongoing.

2. **Q = Banking Services Volumes – would it be possible to obtain 1-3 months Account Analysis statements that would provide additional volumes and services utilized?**
A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

3. **Q = In order to provide the City estimated pricing, please provide volumes for the following transaction types: ACH Debits Received, ACH Credits Received, Originated ACH Files, ACH Returns or Notifications of Change, Return Deposited Items, Incoming Wire Transfers, Number of remote deposit scanners, Manual checks issued outside of AP, Positive Pay Exceptions, Internal Transfers, Cash Deposited (in dollars). A monthly average overall will be most helpful.**
A = Number of remote deposit scanners: 2.

Manual checks issued outside of AP: The payroll account averages 150 manual checks per month. The health insurance account averages 130 checks per month. The workers compensation account averages 290 checks per month. The other accounts do not issue a significant number of checks.

This information, other than what has already been provided, is not readily available.

4. **Q = Are you receiving Electronic Data Interchange information today? If so, can you provide an average monthly volume?**
A = No, we are not receiving Electronic Data Interchange information today.

5. **Q = Are you receiving or initiating any wire transfers in a foreign currency today or are all wires in USD? If so, can you provide an average monthly volume breakdown between USD and foreign currency?**
A = We do not issue or receive wires in a foreign currency. We do occasionally issue or receive international wires but not in a foreign currency.

6. **Q = Are you able to produce a NACHA file for ACH?**
A = Yes.

7. **Q = Are you sending or receiving any files today via SFTP?**
A = We currently send payroll files via SFTP and accounts payable files via online upload.

8. **Q = You mention Positive Pay for checks from a fraud prevention perspective. Can you confirm how many accounts should have an ACH debit filter/block?**
A = We currently have positive pay on five accounts – general disbursement account, payroll account, the municipal division account, and the two Cardinals accounts. The general disbursement account, municipal division account, and Cardinals accounts also have ACH debit filter/block.

9. **Q = What interest rate is the City currently earning on all accounts?**
   A = See Exhibit A-4: Account Balance and Interest Rate Information.

10. **Q = Are Federal Home Loan Bank Letters of Credit acceptable as collateral?**
    A = Yes. A Federal Home Loan Bank Letter of Credit would be an acceptable form of collateral. It is an obligation guaranteed by a US government agency.

11. **Q = Is an Insured Cash Sweep option acceptable as collateral?**
    A= Per the RFP, paragraph 2.1.1 Collateralization of Account Balances, refer to the excerpt from the City of Springfield, MO City Charter, Section 19.13 Security of Deposits.

12. **Q = Other than the General Disbursement account and the zero balance accounts, what is the average balance maintained in the remaining accounts?**
    A = The approximate balances as of 7/31/23 were: health insurance account $570,000; police accounts $104,000 combined; workers compensation insurance account $200,000; municipal court bond account $21,000; municipal division account $161,500; HUD accounts $358,000 combined; Cardinals accounts $3.4 million combined; crisis fund account $19,000.

13. **Q = Paragraph 2.1.3.1: Would the City consider an Insured Cash Sweep option utilizing the IntraFi network rather than an Repurchase Agreement Sweep?**
    A = No, they do not fall within the City's investment policy or code requirements.

14. **Q = Paragraph 2.1.3.3: Would the City consider utilizing online access for two years rather than a physical CD delivery?**
    A = We would consider that option.

15. **Q = Regarding pay cards, can you tell me how much the average load size is? Are they loaded monthly, weekly, bi-weekly etc.?**
    A = Payroll is loaded bi-weekly. The Workforce Development participant cards are also loaded bi-weekly. The load size ranges from $25 to a full paycheck.

16. **Q = In Missouri, Federal Home Loan Bank Letters of Credit are an acceptable form of collateral for public entities. Could that be used for collateral rather than securities?**
    A = Yes. A Federal Home Loan Bank Letter of Credit would be an acceptable form of collateral. It is an obligation guaranteed by a US government agency.

17. **Q = How many employees are currently utilizing a pay card to receive their payroll? How many employees are currently receiving their payroll via paper check? What is the total dollar amount paid out via pay card or paper check each month?**
    A = We do not have a way to determine the exact number or dollar amount of employees receiving their payroll via pay card due to the way they are processed. The payroll account averages 150 manual checks per month.

18. **Q = How many participants in the Workforce program utilize a pay card? How many receive a paper check? What is the total dollar amount disbursed via pay card or paper check each month?**
    A = Workforce Development program participants do not receive paper checks. They only receive pay cards. The pay cards are processed bi-weekly. The number of participants and dollar values vary. For July 2023, there were 73 pay card participants with an average of $120 loaded for each one.

19. **Q = EXHIBIT A-1: Could you provide an analysis statement for the services you are currently using? It will be helpful to have balances, all services and associated volumes. (in particular, the volumes for items shown below are needed)**
    - Paragraph 2.1.4: Cash, coin and check deposits. What is average dollar amount of cash deposits? Cash orders?
    - Paragraph 2.1.8: How many incoming ACH received?
    - Paragraph 2.1.11: Electronic deposit – how many items deposited?

    A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

20. **Q = The State of Missouri requires collateralization at 100%. Can you please explain why the City requires 103%?**
    A = The City's investment policy requires collateralization at 100%. The City has required 103% to ensure we comply with our investment policy.

21. **Q = Would the City consider a nightly sweep into a government-only (with investments allowed by the City's investment policy) money market mutual fund?**
A = No, the City's investment policy does not allow money market mutual funds.

22. **Q = Can the City provide a banking account analysis statement?**
A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

23. **Q = What is the average monthly ledger balance and average monthly available balance for the City's accounts?**
A = See Exhibit A-4: Account Balance and Interest Rate Information.

24. **Q = What are the addresses for vault pick up locations? Who is the current armored courier for vault deposits?**
A = The City's Park Rangers' handle the deposit pick up and drop off. They also relay deposit slips or other documentation from the bank to the City the following business day.

25. **Q = For monthly vault deposits, what is the monthly dollar amount for cash and the amount for coin?**
A = For July 2023, there were 20 deposits totaling $100,239.10. The breakdown of cash and coin is not readily available.

26. **Q = For monthly branch deposits, what is the monthly dollar amount for cash and the amount for coin?**
A = For July 2023, there were 20 deposits totaling $100,239.10. The breakdown of cash and coin is not readily available.

27. **Q = Is the City using a Smart Safe service? If so, who is the armored courier providing the service?**
A = The City's Park Rangers' handle our courier needs.

28. **Q = Is the City utilizing location identifiers for deposits today?**
A = Yes. Our deposit slips are coded to identify the City location making the deposit. This coding appears in the banking activity to assist with reconciliation.

29. **Q = Is the City printing its own checks? If so, how old is the current machine?**
A = For account payable and payroll checks, the City purchases check stock from a third-party vendor and prints our own checks. We utilize a standard printer as opposed to a check printing machine. Smaller accounts utilize manual checks purchased from the bank.

30. **Q = Are US Agency bonds considered eligible collateral?**
A = Yes. It is an obligation guaranteed by a US government agency.

31. **Q = Would you accept an Irrevocable Standby Letter of Credit from the Federal Home Loan Bank of Dallas in lieu of pledged securities as indicated by Item #7 in the "State of Missouri Office of the State Treasurer - Securities Acceptable as Collateral to Secure State Deposits"?**
A = Yes, if it is an obligation guaranteed by a US government agency

32. **Q = How much cash is being deposited monthly between all accounts?**
A = This information is not readily available.

33. **Q = How many checks are being deposited monthly between all accounts (# of individual checks and not deposit tickets)?**
A = This information is not readily available.

34. **Q = How many chargebacks do you have monthly?**
A = This information is not readily available; however, we do not receive many chargebacks.

35. **Q = How many ACH Debits and Credits do you have monthly on all accounts that are not originated by you?**
A = This information is not readily available.

36. **Q = Payroll Account – how many checks clear this account monthly and how many employees do you have that get paid via ACH?**
A = The payroll account averages 150 manual checks per month and 2,600 direct deposits per month.

37. **Q = Police Department Accounts – How many checks clear these accounts monthly?**

A = Based on last fiscal year, approximately 6 checks clear each month.

38. **Q = Workforce Development – Is there a sweep set up to keep this account at a zero balance or do you complete manual transfers?**
A = This is a sweep account.

39. **Q = Municipal Division - How many checks clear this account monthly?**
A = Based on the last fiscal year, approximately 14 checks clear each month.

40. **Q = How many incoming wires do you have monthly on all accounts?**
A = This information is not readily available.

41. **Q = How many stop payments do you place monthly?**
A = This information is not readily available.

42. **Q = How many ACH returns do you get monthly?**
A = This information is not readily available.

43. **Q = Do you upload NACHA and positive pay files via online banking or FTP?**
A = We currently utilize FTP for payroll files. Accounts payable files are uploaded online.

44. **Q = Do you own your current check scanners? What kind? (ex. Multi feed/single feed, brand, etc.)**
A = The check scanners were provided by Central Bank of the Ozarks at the start of our contract with them. They are multi-feed scanners. TellerScan 240-50DPM.

45. **Q = Do you have dual approval set up for any of the services (wires, ach, internal transfers)?**
A = Wires, ACHs, and internal transfers all require someone to initiate the transaction and another user to approve the transaction.

46. **Q = Do you receive reconciliation reports for any of the accounts? (Deposit recon, full recon, etc.)**
A = We receive monthly bank statements for each account. We do not receive reconciliation reports for any of the accounts.

47. **Q = In regard to wires, will the bank be notified if the city knows that the receiver didn't receive a wire by 5 pm CT?**
A = The City will notify the bank if we are made aware that a wire was not received on the effective date.

48. **Q = Do you currently have an ability to edit scanned checks or does the system do it for you? Ex. You made an electronic check deposit and check number wasn't picked up by the scanner. Would you add it before you complete the deposit, or will the vendor make this correction on your behalf?**
A = We have the ability to edit the check amounts after they are scanned in.

49. **Q = Who is your pay card provider today?**
A = Central Bank of the Ozarks.

50. **Q = What payroll/accounting software do you use?**
A = We utilize Oracle R12 as our enterprise resource planning system.

51. **Q = Do you utilize CD Rom on all accounts?**
A = We utilize a CD Rom for most accounts but not all accounts.

52. **Q = Do you use repo sweep program today? If yes, on what accounts?**
A = We do not currently utilize a repo sweep program.

53. **Q = Do you have a courier or how do you deposit cash?**
A = We utilize the City's Park Rangers to deposit cash.

MERCHANT CARD SERVICES

54. Q = What payment gateway connects to your Civic Plus? (Ex. Authorize.net)
A = Civic Plus transactions go through CP Pay and Authorize.net.

55. Q = What is the name of the payment portal/virtual terminal from Central Bank? (Ex. Paytrace, Payeezy, Authorize.net, etc.)
A = We utilize Authorize.net and USA e-Pay.

56. Q = What is the brand name and model # of the stand-alone terminals used at the city locations?
A = Ingenico Telium2 iCT220, VeriFone VX 520, Ingenico Desk 3500, Verifone VX 680, and Ingenico iPP320. The Service Center fuel pump uses Fuel Force FF814 – SCP Version 7.64.08E.

57. Q = What is the name of the payment gateway used in conjunction with the city's website? (Ex. Authorize.net)
A = We utilize Authorize.net and USA e-Pay.

58. Q = How many legal names and FEIN numbers does the city use for each of the card processing locations?
A = The card processing locations included in this RFP utilize one legal name and FEIN. There are individual DBA names, but one legal name is used for all locations.

59. Q = Can you send a current merchant processing statement for each location?
A = No, this would require substantial effort to redact sensitive information.

60. Q = Is Civic Plus the only software used for merchant processing? What other types of equipment or POS systems are utilized at each location?
A = We utilize the following credit card machines and/or payment platforms:

Authorize.Net/CivicPlus/CPPAY; FuelForce FF814 – SCP Version 7.64.08E; Ingenico Desk 3500; Ingenico ICT220; Ingenico Telium2 iCT220; Talech/Miura; USAe-Pay; VeriFone VX 520; VeriFone VX680.

We utilize phone line, network, and cell connections for various machines and locations in addition to internet-based payment platforms.

61. Q = Merchant Card Services volume. Would it be possible to have 1-3 months of merchant statements that would detail not just volume, but card types, etc. in order to give a more detailed pricing proposal?
A = No, this would require substantial effort to redact sensitive information.

62. Q = Could the City please provide three months of merchant statements?
A = No, this would require substantial effort to redact sensitive information.

63. Q = How many departments/merchant IDs do you utilize?
A= We currently utilize 21 merchant IDs related to this RFP.

64. Q = How do you process merchant transactions today? Face to Face? Internet? Lockbox?
A = Face to Face: Yes; Internet: Yes; Lockbox: No

65. Q = What merchant equipment to you currently use? Terminals: Virtual Terminals, Mobile/Wireless, Web Payments.
A = See the answer provided for question #60.

66. Q = What merchant gateways or third-party VARs do you use?
A = See the answer provided to question #60.

67. Q = Do you charge merchant service fees?
A = We do not charge customers service fees or convenience fees for paying via credit card.

68. Q = How do you receive your merchant reporting today?
A = We receive a combination of paper statements and online statements available for download.

69. **Q = Are you utilizing merchant encryption and tokenization?**
A = Yes.

70. **Q = Please list all point-of-sale devices and any other payment-acceptance equipment the City currently uses to process payments.**
A = See the answer provided to question #60.

71. **Q = Is there convenience charge to the customer on all card payments? If on some, but not all payments, would you provide the locations and processing dollar and transaction volume, where a fee is not passed onto the cardholder?**
A = We do not charge customers service fees or convenience fees for paying via credit card.

72. **Q = Will the City keep CivicPlus for processing the payments? And if so, would you provide the gateway solution in use today?**
A = We intend to continue using CivicPlus. See the answer provided to question #54.

73. **Q = Are eCheck payments made through CivicPlus today? If not, what is the solution in use for processing eCheck payments. What is the annual eCheck processing dollar and transaction volume?**
A = Echeck payments are not currently accepted through CivicPlus.

74. **Q = Can the city provide a listing of inventory of Hardware and/or software being utilized by location to match the information in Exhibit A2 Merchant Card Services Volume?**
A = See the answer provided to question #60.

75. **Q = What is the communication method for each? (IP, Dial Up, Frame Relay etc.)**
A = See the answer provided to question #60.

76. **Q = Can the city provide some sample statements showing the detail they are requiring (including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.)?**
A = No, this would require substantial effort to redact sensitive information.

77. **Q = Is the City assessing a Service or Convenience Fee to their customers in any of the locations? If so, what rate/$ is being assessed?**
A = The City does not assess a service or convenience fee to our customers.

78. **Q = For the online transactions, is the system used providing an auto post-back to the accounting system or utilizing a file feed?**
A = The online transactions utilize a file feed to be posted to the accounting system.

79. **Q = EXHIBIT A-2: Please clarify the merchant services annual transactions on page 58. The far right column heading reads "CY2022 Transaction Dollar Amount" and the bottom line reads "Total Annual Cost". Is this the cost of merchant services for the City or is this the annual $ transactions?**
A = This is the total annual transaction dollars not the total annual cost.

SAFEKEEPING SERVICES

80. **Q = Paragraph 2.4.1: Could the securities be held in a nominee name? Typically bond certificates are not being issued and making it difficult to avoid utilizing street names.**
A = No.

81. **Q = As to the section on safekeeping of the investment portfolio 2.4, can you provide a listing of assets and balances so we can effectively access the safekeeping needs?**
A = Exhibit A-7: Investment Summary (July 2023).

82. **Q = Paragraph 2.4.3: Provide capability to pledge securities through the Federal Reserve to other institutions. Are you asking can we pledge assets we custody to cover shortfalls in other institutions? Or, is this about FDIC coverage and collateral?**
A = The City only requires pledged securities against our deposits.

PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES

83. Q = What billing cycle is preferred? (Monthly, Weekly, Bi-Weekly) – Please note, shorter cycle period can result in higher rebates?
A = We currently operate on a monthly billing cycle. We must have a statement or invoice to support payment. If a shorter billing cycle is accompanied by a proper invoice or statement and results in a higher rebate, we will consider making a change.

84. Q = What is the average transaction amount?
A = For the 12 months ended June 30, 2023, we had $12,063,955 in spend and 44,853 transactions making the average transaction $269.

85. Q = Is GL coding and approval workflow through Commerce needed or is a third-party solution being utilized?
A = We utilize our Oracle financial system for GL coding and workflow approval as opposed to the purchasing card/virtual card platform.

86. Q = Will transaction receipt capture and/or storage be required of the platform?
A = We require transaction information; however, the actual receipt capture is not required.

87. Q = Do cardholders require mobile app functionality?
A = It is not required; however, we do want cardholders to be able to access their account information online to monitor remaining credit limits available and transactions posted.

88. Q = Are there any specific reporting or reconciliation needs?
A = We require data received from vendors to be electronically transmitted to the City on at least a weekly basis. We currently receive this information daily and prefer that frequency. The data must be received in VCF format. In addition, we need the capability to run reports by time period, cardholder, vendor, etc.

89. Q = For the virtual AP card program and other services, please provide a 12-month vendor spend file including vendor name, annual spend, and current payment type for analysis on vendor acceptance for credit card payments.
A = Vendor spend information will be shared with the selected provider.

90. Q = Paragraph 2.3.3: Could you provide what the amount of the overall credit line is that would be required?
A = We have typically had a credit line of at least $10 million. Below is a summary of the monthly statement totals for the 12 months ended June 30, 2023:

July		$945,458.79
August		$1,161,252.82
September		$1,028,502.11
October		$958,940.86
November		$943,297.30
December		$851,249.24
January		$898,951.52
February		$1,030,824.04
March		$986,657.73
April		$1,056,548.88
May		$1,194,860.71
June		$1,007,410.88
		$12,063,954.88

91. Q = What is your preference of having PCards and Virtual Cards/ePayables under the same program?
A = We have only had pcard and virtual cards/ePayables provided by one vendor. We would need to carefully evaluate proposals for separating the two features.

92. Q = What rebate are you getting today?
A = We have received the following rebates. Please note that purchasing card spend was down due to COVID-19 travel and program restrictions during some years. 2022 - $252,147.77; 2021 - $165,193.70; 2020 - $137,359.19.

93. Q = Would you be able to share 3 months of statements?
A = This would require substantial effort to redact confidential information such as individual credit card numbers.

GENERAL QUESTIONS

94. Q = Overall, what gaps or challenges do you have with your current banking relationship that you'd like to see improve with a banking change?
A = We have a good relationship with our current banking providers. Improved reporting and website capabilities are always areas of interest. Proactively bringing us new products or services to meet our needs and respond to the ever-changing banking environment is also appreciated.

95. Q = What is the effective date of the contract?
A = Our current agreements are valid through November 30, 2023.

96. Q = Form 3: Would it be acceptable to remove the project information and just provide a list of references and the length of banking relationship?
A = Yes.

97. Q = Will the City potentially award services to multiple providers or is it your preference to receive all services outlined from the same provider?
A = The City will evaluate bids for banking services, merchant card services, purchasing card services/accounts payable virtual card services, and safekeeping services separately. Services may be awarded to different providers.

Per the RFP, paragraph 5.0 AWARDS, subparagraph 5.4: "The City reserves the right to: (1) make awards to multiple proposers; (2) to reject any and all proposals or waive any minor irregularity or technicality in any proposals received; and (3) to disregard all non- conforming or conditional proposals or counter proposals and determine an award that is deemed to be in the best interest of the City."

98. Q = Reason for the RFP (why are you changing)?
A = Per the RFP, paragraph 1.1 Description of Operations or Background: "The City of Springfield is currently using Central Bank of the Ozarks for banking, merchant card, and safekeeping services and US Bank for purchasing card services including virtual card capabilities. Each bank has been on contract in the current capacity since 2018. The contracts with Central Bank of the Ozarks and US Bank have no one-year renewals remaining which is why we are asking for proposals at this time."

99. Q = Are biography paragraphs sufficient for key personnel or are full resumes required?
A = Yes, biography paragraphs are sufficient as long as they provide the information required for a thorough evaluation.

100. Q = An expected date for responses to these questions was not provided in the RFP. Will an extension be issued to allow time to address answers once ready?
A = See *REVISED DUE DATE* on page 1 of the Addendum.

101. Q = Form No. 1: Can we provide links of our financial statements due to large size?
A = Yes. Be aware that this information is part of the evaluation criteria. If the information cannot be accessed by the evaluation committee members, it could potentially have a negative impact on your evaluation.

102. Q = Form No. 5: Due to the form being non-editable, can we provide our response in our own format/template so we may have room to respond accordingly?
A = Per the RFP, paragraph 16.0 RFP Forms: "Unless otherwise specified, Offerors must use the Request for Proposal Forms furnished by the City. Failure to do so shall be grounds for rejection of the proposal."

Offeror must submit Form No. 5. If additional space is needed, Offeror can put "See attached." All question and answers provided shall be provided in the format as specified on Form No. 5.

103. Q = Will the City consider extending the proposal deadline to Friday, September 1?
A = See *REVISED DUE DATE* on page 1 of the Addendum.

104. Q = Can we submit proposals for selected services or are we required to submit proposals for all services?
A = Proposals will be accepted for individual services.

105. Q = Is a local bank branch required?
A = A local bank branch is required for banking services. It is preferred, but not necessarily required, for merchant card services.

106. Q = Form No. 3: List of References and Experience. Our Bank does not allow us to disclose information related to costs associated with other customers. Will this disqualify our proposal?
A = No, it will not disqualify your proposal.

107. Q = Is it a requirement to provide Pay Cards? If we do not offer Pay Cards, will we be disqualified?
A = Pay card needs will be factored into the evaluation; however, not offering them will not automatically disqualify a proposal.

ACKNOWLEDGEMENT

Each bidder shall acknowledge receipt of this **Addendum #1** of **Request for Proposal #006-2024** titled **BANKING SERVICES** with his/her signature affixed hereto; and shall submit this Addendum and any attachments provided herein with their original bid submittal.

CERTIFICATION BY BIDDER:

SIGNATURE: _____

TITLE: _____

COMPANY: _____

DATE: _____

EXHIBIT A-4: ACCOUNT BALANCE AND INTEREST RATE INFORMATION

City of Springfield, MO
Interest Earned on Bank Accounts
July 31, 2023

Account Name		Balance at 7/31/23	Interest Rate on Statement	Interest Earned
General disbursements	*	$ 22,151,122.53	3.62%	$ 183,847.14
Payroll		-	0.00%	-
Health insurance		569,579.15	3.62%	1,733.45
Police Department (3)		104,103.39	3.62%/0.02%	203.39
Workers compensation		200,228.63	3.62%	698.48
Workforce Development		-	0.00%	-
Airport		-	0.00%	-
Municipal Court bond fund		20,886.50	N/A	N/A
Municipal division		161,527.08	N/A	N/A
HUD (2)		357,930.91	3.62%	1,020.41
Bank card		-	0.00%	-
Cardinals (3)		3,356,324.26	0.10%	299.48
Crisis fund		18,945.59	3.62%	57.79

*Average collected balance $59,755,487

EXHIBIT A-5: INVESTMENT SUMMARY

Central Bank

CITY OF SPRINGFIELD MISSOURI **Member FDIC**

[redacted] 07/31/2023 [redacted]

Detailed Explanation of Investaccounts

Investments

Quantity	Description	Trade Date	Original Cost	Estimated Market Value
	Government Issues:			
15,000,000.00	UNITED STATES TREAS NTS 0.125% 08/15/23 [redacted]	03/26/21	$ 14,979,813.75	$ 14,967,150.00
20,000,000.00	UNITED STATES TREAS NTS 0.125% 10/15/23 [redacted]	02/04/22	$ 19,671,285.00	$ 19,784,400.00
20,000,000.00	UNITED STATES TREAS NTS 0.250% 11/15/23 [redacted]	10/29/21	$ 19,892,968.74	$ 19,703,200.00
20,000,000.00	UNITED STATES TREAS NTS 0.250% 11/15/23 [redacted]	10/29/21	$ 19,893,472.00	$ 19,703,200.00
20,000,000.00	UNITED STATES TREAS NTS 2.875% 11/30/23 [redacted]	06/18/21	$ 21,259,118.60	$ 19,832,800.00
40,000,000.00	UNITED STATES TREAS BILLS 0.000% 12/28/23 [redacted]	06/30/23	$ 38,942,758.88	$ 39,120,400.00
20,005,000.00	FEDERAL HOME LOAN BANKS 4.750% 01/17/24 [redacted]	01/19/23	$ 19,991,440.81	$ 19,928,180.80
35,000,000.00	FEDERAL HOME LOAN BANKS 0.000% 01/26/24 [redacted]	07/31/23	$ 34,081,133.45	$ 34,081,250.00
33,000,000.00	UNITED STATES TREAS NTS 2.375% 02/29/24 [redacted]	12/16/21	$ 34,171,757.73	$ 32,430,090.00
180,000.00	UNITED STATES TREAS NTS 0.250% 03/15/24 [redacted]	03/30/23	$ 173,074.14	$ 174,416.40
20,000,000.00	UNITED STATES TREAS NTS 0.375% 04/15/24 [redacted]	02/04/22	$ 19,620,132.40	$ 19,308,600.00
30,000,000.00	FEDERAL AGRIC MTG CORP 1.670% 05/03/24 [redacted]	02/28/22	$ 30,000,000.00	$ 29,136,300.00
1,260,000.00	UNITED STATES TREAS NTS 2.500% 05/15/24 [redacted]	05/09/22	$ 1,257,045.58	$ 1,231,599.60
25,000,000.00	UNITED STATES TREAS NTS 2.000% 05/31/24 [redacted]	03/24/22	$ 24,886,082.75	$ 24,307,500.00
20,000,000.00	FEDERAL HOME LOAN BANKS 3.125% 06/14/24 [redacted]	06/29/22	$ 19,970,180.00	$ 19,606,400.00
30,000,000.00	UNITED STATES TREAS NTS 0.375% 07/15/24 [redacted]	06/30/23	$ 28,481,250.00	$ 28,610,100.00
20,000,000.00	FEDERAL HOME LOAN BANKS 4.625% 12/13/24 [redacted]	01/19/23	$ 20,134,600.00	$ 19,820,000.00
20,000,000.00	FEDERAL FARM CR BKS 1.320% 01/21/25 [redacted]	02/04/22	$ 19,928,844.60	$ 18,872,600.00
389,445,000.00			$ 387,334,958.43	$ 380,618,186.80

Total Bond Portfolio $ 380,618,186.80

Bonds are provided as a service through Central Capital Markets and are safekept by Central Bank. **Certificates of Deposit purchased through Central Capital Markets and listed in the Taxable Investment section of Safekeeping Portfolio holdings are FDIC insured through the institution of issue up to applicable limits.

Bonds are not insured or guaranteed by FDIC or any other government agency. They are not deposits or obligations of, nor guaranteed by the Bank. These investment products involve investment risks, including the poss ble loss of principal.

End of Bond Statement

Exhibit B

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

Denise Neuleib, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: July 28, 2023
Buyer's Email: dneuleib@springfieldmo.gov
Telephone Number: 417-864-1624

REQUEST FOR PROPOSALS (RFP) #006-2024

TITLE-SIGNATURE PAGE

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following:

BANKING SERVICES

PROPOSALS MUST BE UPLOADED INTO THE DEMANDSTAR E-BIDDING SYSTEM PRIOR TO 3:00 P.M. (CDT) ON FRIDAY, AUGUST 25, 2023. Proposals will be read aloud publicly at the specified closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222.*

- Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.
- Proposals received after the opening date and time shall not be considered.
- The attached Terms and Conditions shall become part of any contract resulting from this bid.
- The cutoff for any questions pertaining to this RFP is **August 10, 2023 at 12:00 P.M. (CDT)**. Any questions shall be submitted in writing to the buyer identified above.
- *HAND DELIVERED, FAXED, OR EMAILED PROPOSALS WILL NOT BE ACCEPTED.*

The undersigned certifies that he/she has the authority to bind this company in a contract to supply the service or commodity in accordance with all terms and conditions specified herein. Please type or print the information below.

Respondent is REQUIRED to complete, sign, and return this form with their submittal.

NOTE: ***All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified below. If your business is exempt, the exemption number should be referenced below, in lieu of a charter number.***

Company Name: U.S. Bank N.A.

Authorized Person (Print): Anna Milbach

Address: [redacted]

Title: [redacted]

Date: September 6, 2023

Tax ID #: [redacted]

State of Missouri Charter Number or Exemption Number: OCC Charter Number 24

Revised: BC: 6-6-2023
Reviewed By Law:

RETURN THIS PAGE

ENCLOSURE III

TABLE OF CONTENTS FOR SUBMITTAL

The following table sets forth the specific items to be addressed in the proposal. Respondents are requested to use this page with their proposal and with the corresponding page numbers indicated on the information submitted within their proposal:

A.	TITLE-SIGNATURE PAGE (This form must be signed and dated.)	Page 1
B.	TABLE OF CONTENTS: Submit this page with page numbers provided.	Page 2
C.	LETTER OF TRANSMITTAL: Limit to four (4) pages; to be submitted on the provider's letterhead.	Attachment C.
D.	EXECUTED ADDENDA (if applicable)	Attachment D.
E.	PROVIDER PROFILE: Form No. 1 provided.	Page 13
F.	LIST OF OUTSIDE KEY CONSULTANTS/ASSOCIATES OR AGENCIES THAT WILL BE USED FOR THE CITY'S SERVICE: Form No. 2 provided.	Not Applicable
G.	LIST OF REFERENCES AND EXPERIENCE: Form No. 3 provided (Form 3 may be reproduced and attached in sequence if more space is required).	Page 20
H.	RESUMES OF KEY PERSONNEL: Form No. 4 provided (Form 4 may be reproduced and attached in sequence if more space is required).	Page 21-24
I.	PROJECT APPROACH NARRATIVE: Form No. 5 provided.	Page 25-71
J.	COST: Form(s) provided: (Forms 6A, 6B, 6C, 6D, 6E, 6F)	Page 72-78
K.	AFFIDAVIT OF COMPLIANCE Form No. 7 (This form must be signed and dated.)	Page 79-80
L.	CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST Form No. 8 (This form must be signed and dated.)	Page 81-82
M.	CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act) Form No. 9 (This form must be signed and dated.)	Page 83-84
N.	AFFIDAVIT, WORK AUTHORIZATION Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)	Page 85
O.	E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)	Page 86
P.	ADDITIONAL SERVICES Form No. 10	Page 87-89
Q.	CERTIFICATION OF SIGNATURE AUTHORITY Form No. 11 (Must be signed and submitted prior to the issuance of a contract.)	Page 90-91
R.	ADDITIONAL AGREEMENT(S)/CONTRACTS: (if applicable) Any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract.	Attachment(s): # R.1, R.2, R.3
S.	A sample copy of the bank's account analysis shall be submitted with your proposal.	Attachment S.1, S.2
T.	PCI Certified (documentation of certification must be submitted with your proposal.	Attachment T.1
U.	Submit copies of your firm's bond reports with your proposal.	Attachment U.1
V.	Provide copies of recently published reports supporting at least two of the credit ratings.	Attachment V.1
W.	Submit copies of the last two fiscal years' financial statements.	Attachment W.1, W.2

RETURN THIS PAGE

Revised: BC: 6-6-2023
Reviewed by Law:

Proposal for City of Springfield banking services

PRESENTED TO:

City of Springfield
Denise Neuleib
Buyer

SUBMITTED BY:

Anna Milbach
Government Banking Relationship Manager
[redacted]

Becky Holmquist
Treasury Management Consultant
[redacted]

Due Date: September 6, 2023 | RFP Number: 006-2024

September 6, 2023

Denise Neuleib
The City of Springfield

Dear Denise,

We appreciate the opportunity to respond to the City of Springfield (the City) Request for Proposals (RFP) #006-2024 for Banking Services. U.S. Bank and the City have an extensive history. As the previous provider of banking services for the City, U.S. Bank is grateful for the existing purchasing card business, as well as the remaining merchant processing services through our wholly owned merchant processor, Elavon. We continue to meet quarterly to ensure the City's needs are being met. Our quarterly sessions help our team remain aware of changes within the City, while also providing an opportunity for City staff to catch up on fraud trends, changing technologies and new products and services in the financial services industry.

Since the City last went out for RFP, the deposit and rate environment has changed dramatically. The City must keep pace in a shifting landscape of market changes, evolving technologies and regulatory changes. We are here to help you navigate the challenges and build on your success.

The government banking difference

U.S. Bank has provided financial services to government entities for more than a century. The City would be serviced by our public sector team. Experienced banker Anna Milbach would serve the City assisted by treasury management consultant, Becky Holmquist. Both work exclusively with public sector clients. Our extensive work in partnership with public entities of all shapes and sizes gives us a unique perspective in meeting the government sector's requirements. We offer a wide range of deposit, treasury management, trust, investment and payment processing products to meet the needs of more than 5,300 states, cities, counties, towns and other public organizations.

Value proposition

[redacted]

We would appreciate the opportunity to meet with your team to discuss your needs and our proposal in more detail.

Kind Regards,

[redacted]

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

Attachments

Attachment C, Letter of Transmittal
Attachment D, Executed Addenda
Attachment I.1, U.S. Bank Money Center Brochure
Attachment I.2, U.S. Bank Commercial Paper
Attachment I.3, ICS for additional information
Attachment I.4, National Premier Availability Schedule
Attachment I.5, Sample Implementation Schedule
Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Attachment J.2, U.S. Bank Elavon Pricing Proposal
Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal
Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules
Attachment K.7.1, U.S. Bank Exceptions and Clarifications to City of Springfield RFP 006-2024
Attachment O.1, E-Verify MOU Signature Page
Attachment R.1, U.S. Bank Services Terms and Conditions
Attachment R.2, U.S. Bank Master Services Agreement with Appendix A
Attachment R.3, Your Deposit Account Agreement
Attachment S.1, U.S. Bank Sample Account Analysis
Attachment S.2, Understanding Your Account Analysis
Attachment T.1, Elavon PCI Compliance
Attachment U.1, U.S. Bank Safekeeping Sample Monthly Statement
Attachment V.1, U.S. Bank Credit Ratings
Attachment W.1, U.S. Bancorp Annual Report 2021
Attachment W.2, U.S. Bancorp Annual Report 2022
Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview

Disclaimers

Acknowledging information provided in this response to City of Springfield, Missouri RFP # 006-2024 is subject to the Freedom of Information Laws governing disclosure of public information, U.S. Bank requests to be contacted before information is made public in order to request redaction of designated specific "Confidential" information given this proposal may contain certain nonpublic information about U.S. Bancorp and its subsidiaries and affiliates that we deem proprietary and confidential. By accepting these materials, you agree to use this information only to evaluate the proposal and to hold such designated confidential material in confidence, sharing it only with your employees and advisors on a need-to-know for the purpose of choosing a service provider. Confidential information potentially included in our proposed response includes business contracts/agreements, proprietary information regarding product functionality, custom process flows, pricing, operational procedures, processing site locations, human resources statistical data, service quality statistics, service manuals, data security, disaster recovery details, SOC and SSAE18 reports, as well as implementation and disclosure documents. Publication of this information could create an unfair competitive disadvantage and/or regulatory concern. Where possible, such confidential information as outlined above will also be marked "Confidential" within our response.

The prices quoted in this proposal are firm and irrevocable for not less than 180 days until contract award and documentation. Thereafter, prices quoted will be held fixed for the five-year term of the contract. However, should volumes, quality of work provided by the City of Springfield, Missouri, or regulatory requirements significantly change, this pricing agreement may be subject to mutual renegotiation for impacted items. Notwithstanding anything contained herein to the contrary, all Treasury Management Services provided to the City of Springfield, Missouri are subject to U.S. Bank Treasury Management Services Terms and Conditions as provided for mutual negotiation and as the same may be amended from time to time. Additional new services will be offered at the same agreed upon prices if bid, or at similar offered discounts if newly requested services not previously included. If the City of Springfield, Missouri terminates Master Service Agreement for convenience before expiration of initial term, the City of Springfield, Missouri shall make U.S. Bank whole for any fees waived by U.S. Bank or other incentives provide U.S. Bank. The City of Springfield, Missouri's make-whole obligation shall be prorated based on number of days remaining in initial term.

U.S. Bank does not agree to contract terms solely by delivering this response to the City of Springfield, Missouri's RFP #006-2024. Separate contract documentation will be mutually negotiated as provided by the City of Springfield, Missouri within which the issued RFP, questions and answer responses and this proposed response can be incorporated therein. This agreement can be terminated by either party with 30 days written notice.

By your acceptance of these materials, you also acknowledge that U.S. Bancorp and U.S. Bank are not committing to extend credit or render services to the City of Springfield Missouri or any other person or entity.

"World's Most Ethical Companies" and "Ethisphere" names and mark are registered trademarks of Ethisphere LLC.

Regulatory disclaimer

Our proposal is contingent on U.S. Bank completion of required AML/KYC processes and enhanced due diligence review and approval. We look forward to working with you to obtain the appropriate information to complete that process.

Regulation W disclaimer: U.S. Bank N.A. is not responsible for the obligations of its affiliates.

Executive Summary

Understanding your needs

The City of Springfield (the City) needs a provider of comprehensive banking solutions with bench strength in both treasury services and with large municipalities and governments. The City can leverage our experience, our presence in Springfield and our understanding of your operational complexities and challenges. Your U.S. Bank team will deliver innovative processes, consistent service and financial stability.

Meeting your goals

Your U.S. Bank team stands ready to meet you where are today. Given the multi-year contract term proposed, our continued investment in a wide range of products and integrated delivery systems position us as a solid partner for the City's future as well. We are ready to examine the City's operations in a manner that facilitates more automation into daily processes. In addition, we help the City identify operational changes to make the biggest efficiency gains. We work with you to prioritize and achieve the greatest process improvements in the shortest amount of time.

Providing the right deposit and investment options

We are in a rapidly changing market environment. Your U.S. Bank team is committed to helping you achieve your objective of maximizing the earnings on your deposits. [redacted]

In addition, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

[redacted]

[redacted]

For additional information, please refer to the following attachments:

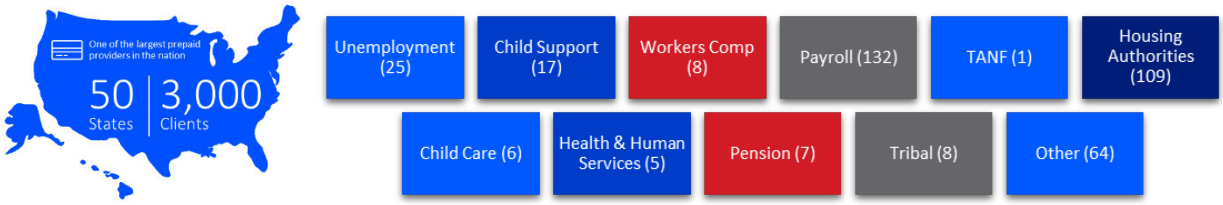
- **Attachment I.1, U.S. Bank Money Center Brochure**
- **Attachment I.2, U.S. Bank Commercial Paper**
- **Attachment I.3, ICS for additional information**

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

Continued investment in prepaid card products

As a leader in the prepaid industry for nearly two decades, U.S. Bank is adept at helping our clients determine the right payment solution. We have a wealth of experience serving clients of all sizes and across numerous industries. We currently partner with more than 3,000 clients including 382 state agencies in 47 states/districts to distribute funds via electronic payment cards.



We are an industry-leader and have extensive experience in payments, but our expertise doesn't stop with one card program. Prepaid is a strategic focus for the U.S. Bank Payments business with scale and experience to meet even the most complex disbursement needs. Our wholly owned processing platform, FSV Payment Systems, is used by 40% of the top prepaid issuers and processes more than $50 billion in loads annually to more than 2 million cardholders. Our team of more than 400 prepaid professionals provide outstanding support to our 3,000+ corporate and government clients.

Purchasing cards designed for the public sector

U.S. Bank has been providing commercial card and Virtual Pay products and services to the City since 2019, allowing the City to successfully procure, purchase and travel. As the City has expanded its program needs, we've been there as a trusted partner and the City's program has doubled since its inception in 2019.

Fully owned merchant processor, Elavon

Elavon has been a leader in processing payments for more than 30 years, leveraging the world's best technologies for our customers, from large worldwide enterprises to locally owned small businesses. We extend powerful payment solutions for all payment types and processing environments, ensuring that your business, whatever the size, remains well connected.

Elavon's Global Acquiring Solutions organization (formerly known as NOVA Information Systems in the U.S. and euroConex in Europe) was founded in 1991. Elavon, Inc. is headquartered in Atlanta, Georgia and maintains sales offices in major cities nationwide. [redacted] In July 2001, Elavon became a wholly owned subsidiary of U.S. Bank.

Superior team support with experience serving the public

Your relationship team, led by Anna Milbach, demonstrates the breadth and depth of experience that shape your daily interactions with us. With Becky Holmquist, your treasury management consultant, they guide our relationship-based service model, leading a team whose background, perspective and understanding of government operations bring invaluable insight to your program.

Not only do we specialize in banking government entities, but our Government Banking division employees have previous experience working in a variety of state and municipal offices. With an average tenure of more than 28 years, the U.S. Bank Government Banking team provide their diverse expertise and understanding of a government's detailed and specific requirements. The City can expect ongoing consultation on best practices, emerging technologies, changing regulations and other factors that may affect your banking services.

Excellence in service and implementation resources

The City can rely on our commitment to a superior client experience. Your implementation is executed against a detailed plan and managed in tandem with the City. Becky Holmquist initiates implementation with the support of a dedicated, experienced Client Integration specialist dedicated to serving government clients. Your team helps guide each assigned task to completion and confirms that each component of your plan functions with efficiency and accuracy. They ensure a smooth transition as they partner with relevant product lines and support teams.

After a successful implementation, the City employees will work with a dedicated Commercial Customer Service team. Highly skilled and extensively trained service staff respond to both routine and complex inquiries through online access to our systems and product databases.

Community commitment

U.S. Bank is committed to the City. This is evidenced by the five branches we have along with our recent partnership with the Downtown Springfield Association to provide both financial resources and

assistance to help five Black, indigenous and people of color (BIPOC) business owners open a business downtown.

More than a bank, we're part of Missouri

We live and work here

1M	Total customers
5K	Employees
152	Branches
381	ATMs

We support business

78K	Business customers[1]
32	Small Business Administration (SBA) loans[2]
$3M	SBA approved loan total[2]

We invest in the community

$10.8M	U.S. Bank Foundation and corporate giving[3]
$342K	In community development loans and investments to low-and-moderate-income communities[3]
50K	Volunteer hours[3]

Outstanding

rating received by U.S. Bank from the most recent Community Reinvestment Act (CRA) exam[4]

We make an ongoing effort to be a good neighbor, an involved civic citizen and a caring public partner through financial support and employee volunteerism.

Choose U.S. Bank

Finally, as the City examines the enclosed offer in detail, consider the strength and dedication that position U.S. Bank to deliver the proposed banking services. The City benefits greatly from our ability to focus on perfecting financial functions for our clients. Our business model, operating philosophy and financial strength allow us to allocate significant resources, both in dollars and technology, toward the enhancement and development of products and services.

The City will partner with the financial institution most capable of providing the highest level of service at the lowest cost. Our proposal delivers on that objective by offering minimized bank costs and a path to improved operational efficiency. We are confident you will find our focus on your long-term success unmatched and look forward to our future partnership.

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

D. Executed Addenda

U.S. Bank has received and acknowledges City of Springfield RFP # 006-2024 Addendum 1.

E. Form No. 1: Provider Profile

1. Lead Service Provider/Firm(s) (or Joint Venture) Name and Address:

We have five U.S. Bank locations within Springfield's city limits, providing multiple options for Parks and Rec team members who drop off deposits for the City. We have three additional locations within the greater Springfield area. Our downtown office is conveniently located a half-mile away from the City's offices. The address of that location is:

417 Saint Louis Street

Springfield, Missouri 65806

1a. Provider /Firm is: National Regional Local

National.

As stated in the U.S. Bank Certificate of Corporate Existence, U.S. Bank National Association, Cincinnati, Ohio, (Charter No. 24) is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking in all 50 states.

1b. Year Provider/Firm Established:

1863.

U.S. Bank is wholly owned by the holding company, U.S. Bancorp, which was incorporated in Delaware in 1929. There have been no changes of ownership since February 27, 2001, when Firstar Corporation, Milwaukee, Wisconsin and U.S. Bancorp, Minneapolis, Minnesota merged. U.S. Bancorp is located at 800 Nicollet Mall, Minneapolis, Minnesota 55402.

U.S. Bancorp was founded in 1863 (chartered July 13, 1863).

Years of Experience providing RFP identified services/project for municipalities:

U.S. Bank has served government clients throughout our history. As additional financial services became available, our government clients were offered and adopted them. Likewise, we were the first provider of government purchasing cards in the country.

Years of Experience providing Banking Services:

We began providing banking services more than 150 years ago. Each of our principal predecessor organizations created specialized depository, treasury management, credit and trust products tailored to the needs of each client. The combination of all these organizations into U.S. Bank created a strong financial institution offering the best, most highly valued products and services.

U.S. Bank Corporate and Commercial Banking history

The Corporate and Commercial Banking division of U.S. Bank has served clients since 1863.

1950s

Wire transfers available for clients to send wires outside of U.S. Bank.

1970s

- ACH transfers to other banks
- Controlled Disbursement accounts available for checks to be processed through a controlled account

1980s

- Information reporting available for clients to be able to see their bank accounts and their activity
- Personal computer dial-up service so clients could send their own wires from their location
- EDI available for business clients

1990s

- Image-enabled platform for clients to view their processed check images
- Internet check images available to clients

2000s

- SinglePoint, a web-based, one-stop suite of treasury management applications including information reporting, created
- First generation of check electronification products which leverage the advantages of Check 21 legislation with leading edge check imaging and ACH check conversion technology
- On-Site Electronic Deposit designed to increase efficiency, decrease deposit runs and concentrate deposits in walk-in environments via remote check deposit
- Introduced online payment solution for C2B payments

2010s

- Major upgrades to lockbox platform, including remote capture of payments
- Remote safe services/cash recycling safes
- Introduced liquidity advantage and hybrid checking
- Mobile access to SinglePoint, On-Site Electronic Deposit, Deposit Express
- Delivered new electronic billing, payment and presentment solution, released as eBill Service
- Added faster payments solutions, including Zelle®, real-time payments and Same Day ACH and Payee Choice for B2B and B2C payments
- API connections across our solution set

2020s

- AP Optimizer introduced to streamline the accounts payables process and maximize working capital
- Account validation to improve security and reduce fraud
- Automated escheatment to streamline the unclaimed property process

1c. What is the state of incorporation of the entity with whom the City would contract?

Ohio.

U.S. Bancorp is a Delaware corporation and the parent company of U.S. Bank, a diversified financial holding company, traded on the New York Stock Exchange under ticker symbol USB. Presently, there are no stated plans to change this ownership status.

U.S. Bank National Association is a national bank organized under the laws of the United States.

1d. Licensed to do business in the State of Missouri: Yes No

Yes.

As a national bank, U.S. Bank is exempt from any requirement to have a state registration or local business license. In accordance with 12 CFR 7.4007(a), “[a] national bank may receive deposits and engage in any activity incidental to receiving deposits[.]” Further, 12 CFR 7.4007(b) states that "[a] national bank may exercise its deposit-taking powers without regard to state law limitations concerning: ...(6) State licensing or registration requirements (except for purposes of service of process)[.]" Upon request, U.S. Bank will provide documentation that shows the Office of the Comptroller of the Currency affirms that U.S. Bank is a validly existing national bank in Good Standing authorized to provide banking services in all states of the United States.

1e. Principal contact information: Name, title, telephone number and email address:

Anna Milbach
Government Banking Relationship Manager
[redacted]

Becky Holmquist
Government Treasury Management Consultant
[redacted]

1f. Address of office to perform work, if different from Item No. 1:

U.S. Bank employees located in a myriad of different locations would continue to provide service to the City.

2. List the number of persons by discipline that your Firm/Joint Venture will commit to the City's project or the services to be provided:

The City would be serviced by our public sector team. Experienced banker and Senior Vice President Anna Milbach would serve as the City’s government banking relationship manager. The City would also be assisted by treasury management consultant, Becky Holmquist. Becky is supported to Kerri Mayavski, treasury management support. The City would also utilize our full-service public sector, Missouri-based Commercial Customer Service (CCS) team. All work exclusively with public sector clients.

The above individuals would serve as the City’s ongoing service team. During implementation, the City would also have dedicated implementation specialists.

3. **If submittal is by Joint Venture or utilizes subcontractors, list participating firms / providers and outline specific areas of responsibility (including administrative, technical, and financial) for each firm:**

Elavon

Elavon is a wholly owned subsidiary of U.S. Bank. Our platforms do not require third-party suppliers or subcontractors in the delivery of services.

PFMAM

PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

3a. Has this Joint Venture previously worked together? Yes No

Yes.

4. **Provide a brief history of your institution with particular attention to the means and timing of your entry into the Springfield market.**

We trace our earliest roots to 1853, when Farmers and Millers Bank in Milwaukee opened its doors, eventually becoming First Wisconsin and, ultimately, Firstar. In 1891, The United States National Bank of Portland, Oregon, was chartered. In 1902, it merged into the Ainsworth National Bank but kept the U.S. National Bank name, eventually becoming U.S. Bancorp. We will not list every bank whose customers, branches, expertise and assets combined with these ancestor banks. Since 1988 alone, more than 50 banks, large and small, have helped to form our bank. On February 27, 2001, Firstar and U.S. Bancorp became the new U.S. Bancorp. U.S. Bank and predecessor banks have been present and active in the Springfield community for more than 50 years.

5. **Report all published credit ratings. Please indicate if the ratings are currently under review for an upgrade or downgrade. Provide copies of recently published reports supporting at least two of the credit ratings.**

U.S. Bancorp continues to deliver consistent, predictable, repeatable, industry-leading financial results. Our disciplined business operations at all levels give us confidence in the commitments and decisions we make, allowing us to do what's right for our shareholders, customers and communities. We have a proven track record of success, including debt ratings that are among the highest in the banking industry. We are focused on being the most trusted choice, creating the future now, driving one U.S. Bancorp and striving for simplicity to honor our commitment to strengthen financial futures together.

We are rated by the credit rating agencies Moody's, Standard & Poor's (S&P), Fitch and DBRS.

Credit ratings				
	Moody's	S&P	Fitch	DBRS
U.S. Bancorp				
Ratings outlook	Stable	Stable	Stable	Stable
Long term issuer rating	A3	A	A+	AA
Short term issuer rating	N/A	A-1	FI	R-1 (middle)
Senior unsecured debt	A3	A	A	AA
Subordinated debt	A3	A-	A-	AA (low)
Junior subordinated debt	Baal	N/A	N/A	N/A
Preferred stock	Baa2	BBB	BBB	A
Commercial paper	P-2	N/A	FI	N/A
U.S. Bank National Association				
Long term issuer rating	A2	A+	A+	AA(high)
Short term issuer rating	P-1	A-1	FI	R-1(high)
Long term deposits	Aa3	N/A	AA-	AA(high)
Short term deposits	P-1	N/A	FI+	N/A
Senior unsecured debt	A2	A+	A+	AA(high)
Subordinated debt	A2	A	N/A	AA
Commercial paper	P-1	A-1	N/A	N/A
Counterparty Risk Assessment	AI(cr)/P-I(cr)			
Counterparty Risk Rating	A2/P-1			
Baseline Credit Assessment	a2			

Our debt ratings are also available at: https://ir.usbank.com/investor-relations/financial-information/credit-ratings.

6. Submit copies of the last two fiscal years' financial statements. The statements must include an auditor's unqualified opinion and appropriate notes.

The U.S. Bancorp Annual Report includes three years of financial statements and is available at ir.usbank.com/investor-relations/financial-information/annual-reports.

Call reports

Call reports are available at ir.usbank.com/investor-relations/financial-information/reports.

10-Q reports

U.S. Bancorp 10-Q reports are available by selecting Quarterly Filings from the dropdown menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

10-K reports

U.S. Bancorp 10-K reports are available by selecting Annual Filings from the dropdown menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

F. Form No. 2: Key Outside Consultants:

Not allowed. Services provided cannot be subcontracted out to other Service Providers.

Page left blank intentionally.

G. Form No. 3: List of References and Experience

Banking and Purchasing Card References

[redacted]

Merchant Processing (Elavon) References

[redacted]

H. Form No. 4: Resumes Of Key Personnel

Anna Milbach	
a. Name and Title:	Anna Milbach U.S. Bank Government Banking Relationship Manager Senior Vice President [redacted]
b. Project Assignment:	Relationship Manager
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

Becky Holmquist	
a. Name and Title:	Becky Holmquist U.S. Bank Government Treasury Management Consultant Vice President [redacted]
b. Project Assignment:	Treasury Management Consultant
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

Jon Bell	
a. Name and Title:	Jon Bell Client Executive [redacted]
b. Project Assignment:	U.S. Bank Small Business – Public Sector

Jon Bell	
c. Name of Service Provider/Firm with which associated:	Elavon
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

Lelia Voss	
a. Name and Title:	Lelia Voss President, Corporate Commercial Relationship Manager [redacted]
b. Project Assignment:	President/Commercial Relationship Manager
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	

Lelia Voss	
f. Current Registration(s):	[redacted]
g. Other Experience and Qualifications relevant to the proposed project:	

I. Form No. 5: Project Approach Narrative

Use this space to provide a detailed project approach including but not limited to: • Project schedule and detailed approach is reasonable/responsive to City's needs; • Roles of all involved parties clearly identified; • Identify/recognize critical or unique issues specific to the project and successful critical or unique approaches used elsewhere; • Proposed communication process. Provide concise information in the following format:

I. Banking Services

1. Account Information

a. All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained.

We are recommending an interest-bearing account and have described that below. We have also provided some options to further optimize earnings for the City.

[redacted]

Additionally, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

[redacted]

[redacted]

For additional information, please refer to the following attachments:

- **Attachment I.1, U.S. Bank Money Center Brochure**
- **Attachment I.2, U.S. Bank Commercial Paper**
- **Attachment I.3, ICS for additional information**

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

b. Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

We provide the City a daily notification of exception items. You are notified of exception items by 9 a.m. account processing time. The City must submit pay/return decisions by 3 p.m. account processing time. Positive pay automates check reconciliation. Your approved exception items are paid and automatically added to the issue file.

c. Workforce Development: We require a method of issuing monies on bank cards to enrolled participants.

U.S. Bank acknowledges and will meet this requirement.

d. The City requires all transactions be available on the online banking website within twenty-four (24) hours.

U.S. Bank meets this requirement. SinglePoint is available 24/7.

e. The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

As part of our digital transformation and environmental initiatives, we no longer offer CD-ROMs with historical reporting data; however, we have digital alternatives such as an Image File Delivery, access to 10 year history of images through SinglePoint and multiple reporting options to export for archiving and other purposes. You can also select an extended retention reporting option of 12 or 24 months for SinglePoint transactions.

2. Deposits

a. Describe deposit bag process and deposit slip coding available to assist with location reconciliation.

Branch services

Cash and check deposits that arrive at our branch office by the established branch cutoff time are given same day ledger credit and available to view within SinglePoint previous day reporting or via BAI file on the following business day. The cutoff for our St. Louis Street branch is 5 p.m., Monday – Friday.

We offer two deposit reconciliation tools to track deposits by a specific location or deposit ID number.

- **Deposit reconciliation**—Multiple locations can make deposits into a single U.S. Bank account and still identify deposited funds by location, store, department or day of deposit. This increases your control over depository activity while allowing single account usage. Deposits are reconciled with your checking account statement. We recommend consistent use of unique, MICR-encoded deposit tickets for each location. A variety of reconciliation reports assist with reconciling deposited items.
- **Deposit recap**—Track deposits made by all your locations into a single account. Using unique, pre-encoded deposit tickets for each location, you receive deposit details and subtotals by your locations on the checking account statement.

b. Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

Cash and check deposits that arrive to our vault by the established dock deadline are given same day ledger credit and available to view within SinglePoint previous day reporting, or BAI file, on the following business day. Cash only deposits may appear on SinglePoint and BAI transmission current day balance reporting, if processed by 4:30 p.m. CT and depositing to a non-Focal Point Plus account. We utilize a dual control environment for processing cash transactions. Dual control measures are defined as two bank employees or one bank employee plus a security camera.

Paper adjustments are made for deposits that contain checks, with adjustment copies accessible via SinglePoint. Electronic adjustments are made for cash only deposits and are not viewable on SinglePoint.

Unique descriptions and client location/store number IDs in the information reporting application report make cash vault discrepancies easy to identify. If requested, you may receive our Special Vault report that contains information on the deposit breakdown, adjustment reason, counterfeit note details (only for transactions process by a U.S. Bank owned vault), bag ID and serial number from the deposit ticket.

c. Provide a map of Springfield showing the location of branch offices. Indicate which branches

[redacted]

d. Provide a deposit availability schedule.

Please refer to **Attachment I.4, National Premier Availability Schedule**.

3. Check Clearing

a. Describe the process for handling returned checks.

Timely information and effective procedures for handling returned items are essential to managing risk and cash flow when accepting payments. Our image-based system allows you to choose from a variety of services to best meet your needs for handling your returned items. The City can reduce costs of returned items by automatically re-depositing all first time returned non-sufficient fund (NSF) and uncollected funds items or define a dollar threshold for items to be re-deposited.

You may choose from email or fax notification for same day notice of returned items including images of your returned items. You can choose to receive notification for all returned items or only those that meet a dollar threshold, as well as choose the frequency of notifications from as often as hourly or as seldom as end of day.

Our daily reporting options can also include optional keying of maker name information. Images are available with each option on the business day following the processing of the returned items.

- **Image Access**—Includes MICR data, return reason and optional maker information
- Information Reporting Previous Day Detail—Includes check amount and return reason
- **Consolidated Returned Item report**—Includes paper returned items as well as ACH returns for items converted by On-Site Electronic Deposit or Electronic Cash Letter Deposit
- **Returned Item Decisioning**—Allows review and disposition of eligible returned items

b. Describe the stop payment and voided check procedures.

The City can place stop payments in SinglePoint or by calling Commercial Customer Service (CCS).

Stop payments may be requested at any time during business hours. We cannot guarantee a stop payment will be enforced during the first 24 hours, because the check may have already been cashed by a teller.

SinglePoint provides a check paid inquiry function to verify the check has not cleared before placing the stop payment. SinglePoint checks the last 90 days of posted check transactions to verify nonpayment. If the check has been paid in the last 90 days, a message displays indicating the check has been paid.

For manual stop payments (paper checks), the system doesn't verify if a check has been paid before it accepts the stop payment.

The default for a SinglePoint Stop Payment is 12 months; optional expiration periods of six or 24 months are available.

For manual stop payments (paper checks), the length of a stop payment order is 24 months.

You can use SinglePoint to either renew the existing stop payment or place a new stop payment after the original stop has expired. You can also access a weekly report that displays stop payments set to expire that week.

For manual stop payments (paper checks), you can choose to either renew the existing stop payment or initiate a new stop payment when the current order expires.

Stop payments can be requested for ranges of checks. SinglePoint Stop Payments supports a range of up to 50 items.

For manual stop payments (paper checks), a range of checks can be requested. There is no limit on the range.

Stop payments may be requested in SinglePoint Monday through Saturday, from 6 a.m. – 10 p.m. CT. We cannot guarantee stop payment enforcement during the first 24 hours, because the check may have been cashed by a teller.

c. How long are stop payments effective?

The default for a SinglePoint Stop Payment is 12 months; optional expiration periods of six or 24 months are available.

For manual stop payments (paper checks), the length of a stop payment order is 24 months.

d. Are stop payments automatically extended?

Optional expiration periods of six or 24 months are available.

e. Describe the City's liability exposure for fraudulent checks.

Liability for fraudulent checks is fact dependent and therefore it is not possible to describe the allocation of liability prior to the occurrence of an incident. If a fraudulent check was paid off the City's account, U.S. Bank would work with the City to file a fraud claim and attempt to recover the funds from the financial institution which took the check for deposit. If recovery was not possible, the Bank would work in good faith with the City to determine the appropriate liability of the parties.

Check fraud continues to be one of the most prevalent types of fraud. Payee Positive Pay can certainly reduce the City's liability. Additionally, U.S. Bank is committed to helping the City continue to reduce the volume of checks written. ACH with proper internal controls when setting up and changing bank information is an alternative payment option, as well as wires and real-time payments. The payment type with the lowest occurrence of fraud is Payment Plus, our virtual card payment solution.

U.S. Bank is committed to assisting the City in maximizing its P Card program to move as much Accounts Payable volume to Payment Plus as possible.

4. Online Banking Services

a. Provide a description and examples of the bank's software products and services.

SinglePoint enables the City to achieve new levels of efficiency by bringing our powerful banking services together into one easy-to-use website with a single point of access for all your global treasury management service needs. A fully integrated, wholly owned online suite of treasury management services, SinglePoint does not require dedicated PCs or software installation.

In one location, you can:

- View, manipulate and download images
- Transfer and manage payments
- Process and deposit collections
- Prevent fraud
- Manage employees' system use

Access all your treasury needs with one user ID and password

- **Monitor account activity**
- **Transfer and manage money**
- **Act globally**
- **Prevent fraud**
- **Control access and stay informed**

Monitor account activity

- Account reconciliation
- Adjustments
- Image access
- Image file delivery
- Information reporting
- Lockbox wholesale
- Lockbox image look
- VantagePoint®
- Account services
- Asset-based loan information
- Returned item decisioning
- General ledger reconciliation
- Cash forecasting
- Mobile SinglePoint
- Reports file delivery

Transfer and manage money

- ACH services
- Cash vault
- Electronic cash letter deposit
- On-Site Electronic Deposit
- Wire and book transfers
- Real-time payments
- Check payables
- Investments and trusts
- Disbursements via *Zelle*®

Act globally

- International ACH and wire transfer
- International remittance calculator
- Foreign Exchange Web (FX Web) Global trade
- International information reporting

Prevent fraud

- Positive pay services
- Issue maintenance
- Stop payments
- IP whitelist service
- IBM® Security Trusteer Rapport™

Control access and stay informed

- Customer service
- External messaging
- System administration
- Dashboard and personal settings
- LaunchPoint
- Service guide

You initiate ACH, account transfer and wire transfer services from separate pages in SinglePoint. However, our systems are integrated, so each transaction type requires only the information unique to that type of transaction. The remaining fields are checked and populated from a common data source.

Reports can be scheduled at any time throughout the day. Reports are delivered via transmission or secure email at the specified time. Fax and email reporting options allow users to receive current and/or prior day reporting at a preset time without logging in. Certain time-critical functions, such as positive pay approvals and positive pay decisions, can also be accessed via a web-enabled mobile device through Mobile SinglePoint.

All the tools you need to manage your program in one place	
Mobile SinglePoint	Designed specifically for users who need access to cash management tools when they're away from a computer. View: ▪ Key balance information on domestic and international accounts ▪ Current day reports (e.g., ACH Summary and Detail, Wire Detail and Lockbox Summary)
SinglePoint External Messaging	Enhance process efficiencies by utilizing over 200 unique messages, configured and routed to various destinations, including email addresses and SMS messages to mobile devices, ensuring key items receive attention.
	Manage your financial position with superior reporting tools. SinglePoint provides account summary, detail and transaction information. The City will benefit from:

All the tools you need to manage your program in one place		
SinglePoint Information Reporting	▪ Simplified daily account reconcilement ▪ Easy funds transfers ▪ Customizable searching ▪ Flexible standard and special reporting	▪ Customize reports with robust filtering ▪ Manage delivery of reports via email or transmission ▪ Current day returned item decisioning
Data retention	▪ **Previous day data**—Four months ▪ **Current day data**—10 calendar days ▪ Additional retention periods available	
System administration	Administrators can add, copy and reuse user profiles to set up new users. They can also modify user entitlements, account access and transaction limits at any time with immediate updates. Dual system administration offers added control – all changes to user access or limits require a second system administrator approval to process.	
Security	SinglePoint protects account information with the most current and proven technology available, including: ▪ [redacted]	

b. Fees associated with online banking services should be listed on Form No. 6A: Banking Services Fee Schedule.

Please refer to Form No. 6A: Banking Services Fee Schedule.

c. Describe reporting capabilities and provide examples.

Information reporting

The City can access SinglePoint Information Reporting services every day, 24 hours a day, except for a six-hour maintenance period in the early morning hours on Sundays.

- Previous day information—Available by 6 a.m. CT
- **Current day information**—Available by 7 a.m. CT and updated throughout the business day until 5 p.m. CT (data load dependent on previous day information loading first)

d. Describe security features such as multi-factor authentication and audit logs.

[redacted]

The City benefits from SinglePoint's additional levels of security

[redacted]

[redacted]

Your SinglePoint system administrator serves as the City's security manager. We assign the system administrator at set-up after all necessary clearance documents are processed. Your system administrator:

[redacted]

Audit features include:

[redacted]

e. What are the cutoff times for wires, ACHs, and transfers?

Cutoff times for same-day wire transfer initiation (Central)

Cutoff times vary by type of wire transfer.

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
Domestic same-day						
Internal/book	6 p.m.		4:45 p.m.	5:15 p.m.		6 p.m.
Drawdown	5 p.m.	5:30 p.m.				N/A
Fedwire						5:15 p.m.
Federal tax payment	2:30 p.m.		N/A		2:30 p.m.	N/A
Domestic future-day						
Book and Fedwire	6:30 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	No deadline
Drawdown						N/A
Federal tax payment	2:30 p.m.		N/A		2:30	N/A

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
International same-day*						
U.S. dollar	4:30 p.m.	4:55 p.m.**	4:45 p.m.	5:15 p.m.**		
Foreign currency	4 p.m.					
International future-day*						
U.S. dollar	6 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	
Foreign currency	N/A					

*International same-day refers to the wire transfer being sent to the foreign bank today. International wires to major foreign banks generally post funds to the beneficiary account within two business days. For some countries and/or smaller banks, a few extra days may be required.

** For international same-day U.S. Dollar direct wire, SinglePoint and SWIFT initiation, the cutoff for payments above $1 million may require a 4:30 p.m. CT cutoff.

We grant immediate credit for transfers received by cutoff.

Domestic

- Internal/book—6 p.m. CT
- Drawdown and Fedwire—5:45 p.m. CT

International

- U.S. dollar—6 p.m. CT
- Foreign currency—4 p.m. CT

The City may initiate a transaction via:

- **ACH Direct File Transmission**—Accepts industry standard and proprietary data formatted files and provides confirmation notice that file was received
- **SinglePoint ACH Origination**—Allows manual entry of transactions and import in Nacha, comma-separated value (CSV) and fixed length file formats (immediate detailed audit and activity reporting available)
- **Third-party service providers**—Originate ACH transactions through U.S. Bank using third-party service provider
- **ACH Originations via API**—ACH origination via API allows clients to send payment instructions for ACH transactions to U.S. Bank using a Representational State Transfer (REST) Application Programming Interface (API)

U.S. Bank ACH initiation cutoff times (Central Time)

Input method	Standard ACH deadlines	Same day ACH deadlines for transit items*	Same day transfer deadlines for on-us items (U.S. Bank accounts only)
SinglePoint ACH Origination (web)	10:45 p.m.	1:45 p.m.	3 p.m. for afternoon posting 9 p.m. for end-of-day posting
ACH direct file transmission – Nacha Format	11:30 p.m.	2:30 p.m.	3 p.m. for afternoon posting 10:30 p.m. for end-of-day posting
ACH via data translation services	10 p.m.	1:15 p.m.	Not applicable
Consolidated payables			
ACH adjustment requests	7 p.m.	2:30 p.m.	3 and 7 p.m.
ACH positive pay exception decisions	7 p.m.		
ACH Originations via API	10 p.m.	2 p.m.	3 p.m. for afternoon posting 9 p.m. for end-of-day posting

*The deadline for same business day on-us processing when sending a file in EDI or custom format is 4 p.m. CT.

Our ACH data warehouse retains future-dated transactions for up to 30 days from the initial transaction. You may schedule future-dated transactions through SinglePoint ACH Origination up to 10 years into the future. SinglePoint stores ACH file information in its own database until two days prior to the effective date and files are queued for processing (scheduled transactions do not affect your risk limits until then).

We follow established Nacha guidelines for posting ACH entries and making funds available on the effective date. We send and receive files from the ACH network operators several times throughout the day.

- Credit transactions posted from morning processing windows by 9 a.m. CT (transactions are considered collected and affect collected balance)
- Debit transactions memo-posted during same windows and hard-posted at end of day (debit transactions affect collected balance)
- Transactions received from the ACH network with a same day effective date are posted during the afternoon and affect collected balance

f. Are wire and ACH templates available?

Yes. Both wire and ACH templates are available.

g. Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

Yes.

h. Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

SinglePoint Image Access

The City can retrieve and review sharp, detailed images of all paid checks, deposit tickets, deposited checks, paper debit and credit memos online. Images of returned deposited items, advices, image cash letter (ICL) deposited items and ICL administrative returns are also available. Ease of use is built into each component.

The flexible search tool lets you search by transaction type, account number (or all accounts), check number, amount or date. Prefilled dropdown selections make criteria selection fast. Sort search results by any column with one click. Search results can also be downloaded for further research.

The image viewer offers front and back, zoomed in and out, rotated and inverted views. You can zoom directly to the endorsement, signature line, routing number or bank-of-first deposit. You can save images for historical reference and paid check confirmation. Front and back images can be saved as standard PNG or ZIP files. You can print multiple images at a time.

SinglePoint Image File Delivery

The City can receive a transmission of images and associated index information on a daily, weekly or monthly basis using standard internet-based File Transfer Protocol (FTP) methods. Images can be imported into your own image archive – allowing you to quickly and easily research and respond to customer inquiries.

SinglePoint Information Reporting

SinglePoint provides online image enhanced reporting for 12 or 24 months.

i. What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

Copies of returned and redeposited items can be sent hourly or at end of day by email or fax. Returned items can be viewed and a decision to redeposit or return can be made on the current day using SinglePoint Returned Item Decisioning. Redeposited items can be viewed online next business day using SinglePoint Information Reporting Previous Day Detail or Image Access.

Our standard service is to chargeback item(s) to the deposit account on the first return. We do not automatically redeposit any item without special instructions. [redacted] items are processed in an image-based environment using some of the most sophisticated Touchless Returned Item Processing System (TRIPS) software in the industry.

You can establish special instructions for: redeposits, email or fax notification, mail advices/items to an alternate address, charge items to an alternate account or provide duplicate advice copies. Transmission of returned item information with the option of including images is also available. Online decisioning for current day items and reporting of previous day detail is available through SinglePoint. Special instructions are available by account or location.

5. Wire Transfers

a. State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

Outgoing wires

Cutoff times for same-day wire transfer initiation (Central)

Cutoff times vary by type of wire transfer.

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
Domestic same-day						
Internal/book	6 p.m.		4:45 p.m.	5:15 p.m.		6 p.m.
Drawdown	5 p.m.	5:30 p.m.				N/A
Fedwire						5:15 p.m.
Federal tax payment	2:30 p.m.		N/A		2:30 p.m.	N/A
Domestic future-day						
Book and Fedwire	6:30 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	No deadline
Drawdown						N/A
Federal tax payment	2:30 p.m.		N/A		2:30	N/A
International same-day*						
U.S. dollar	4:30 p.m.	4:55 p.m.**	4:45 p.m.	5:15 p.m.**		
Foreign currency	4 p.m.					
International future-day*						
U.S. dollar	6 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	
Foreign currency	N/A					

*International same-day refers to the wire transfer being sent to the foreign bank today. International wires to major foreign banks generally post funds to the beneficiary account within two business days. For some countries and/or smaller banks, a few extra days may be required.

** For international same-day U.S. Dollar direct wire, SinglePoint and SWIFT initiation, the cutoff for payments above $1 million may require a 4:30 p.m. CT cutoff.

Incoming wires

We grant immediate credit for transfers received by cutoff.

Domestic

- Internal/book—6 p.m. CT

- Drawdown and Fedwire—5:45 p.m. CT

International

- U.S. dollar—6 p.m. CT
- Foreign currency—4 p.m. CT

b. Describe security features your bank has in place to ensure the integrity of your wire transfer system.

U.S. Bank security safeguards

Voice

[redacted]

Internet: SinglePoint

[redacted]

CPU to CPU: Batch Wire and Direct Wire

[redacted]

c. Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

For outbound wire transfers, we accept the order when it is processed by the Federal Reserve.

Liability for fraudulent wires is fact dependent and therefore it is not possible to describe the allocation of liability prior to the occurrence of an incident. If a fraudulent wire was paid off the City's account, U.S. Bank would work with the City to file a fraud claim and attempt to recover the funds from the financial institution which accepted the wire. If recovery was not possible, we would work in good faith with the City to determine the appropriate liability of the parties.

6. ACH Transactions

a. The City requires the ability to place a filter on incoming and outgoing ACH payments.

U.S. Bank ACH Filter and Block enables the City to protect deposit accounts against unauthorized ACH debit and/or credit transactions. Business eCheck block is also available and allows you to block WEB and TEL payment types and the converted check payment types: ARC, POP and RCK.

Additionally, you can use SinglePoint ACH Positive Pay to add new authorizations to your accounts online. Authorizations are a set of rules you can establish to determine which incoming ACH credits and debits should be allowed to post to your accounts.

The ACH block service effectively blocks all ACH debit transactions, except generated settlement items and reversals allowed under the Nacha rules. You can also configure the ACH block service to block all incoming credits.

7. Electronic Deposits

a. Provide a brief description of the service available. Address the following items:

The City can reduce desk float, errors and the unnecessary risk associated with processing paper checks when you deposit checks online with U.S. Bank On-Site Electronic Deposit. The City will save time and money, allowing you to consolidate banking relationships and make check deposits from your remote locations.

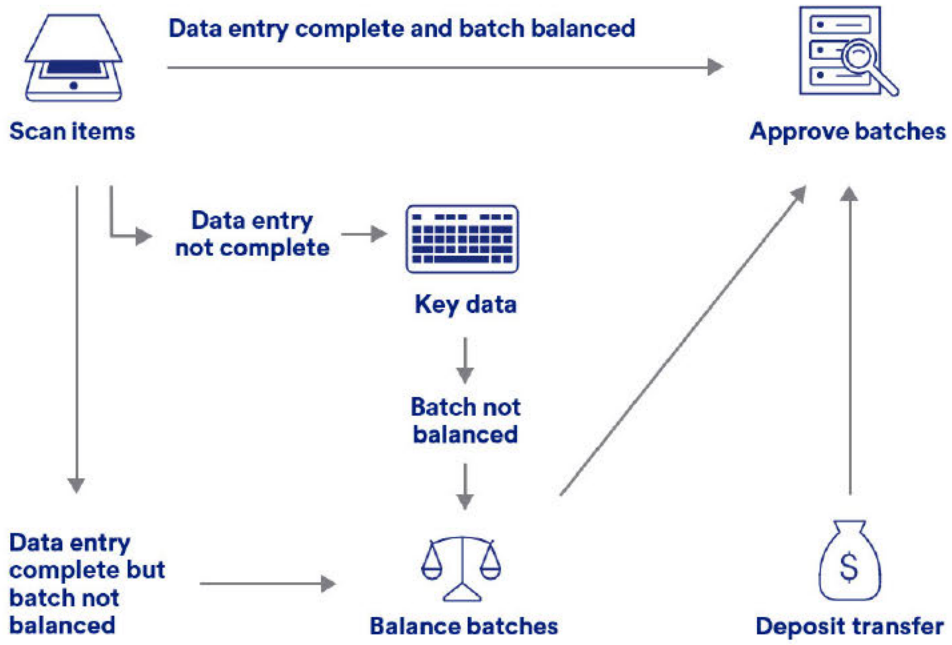
Checks can be deposited as soon as they are received at your location, increasing productivity and reducing the risk of employees transporting deposits to the bank. On-Site Electronic Deposit allows deposits to be made at anytime and anywhere with a supported mobile device. Distributed workforces collecting check payments can meet daily cutoff times and improve funds availability.

On-Site Electronic Deposit's flexible and configurable system meets the business needs of your organization and:

- Enables automatic capture of check and remittance data
- Include images of remittance coupons and full-page documents

Payment processing is expedited and automatically posts payment information to your accounts receivable systems.

SinglePoint allows you to view extensive reporting options for deposit, transmission and remittance data, as well as access images of checks and remittance items for more than two years. Remittance data can be downloaded or sent via transmission for automated posting to your accounts receivable system once or multiple times per day.



All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

Provide information on cut-off times and availability.

Deposit deadlines (Central Time) for same-day ledger credit of funds are listed below.

Deadline description	Deposit deadline	Bank processing time[1]
First deadline	8 a.m.	10 a.m.
Morning	10 a.m.	Noon
Mid-morning	11 a.m.	1 p.m.
Mid-day	1 p.m.	2 p.m.
Early afternoon	2 p.m.	4 p.m.
Late afternoon	4 p.m.	6 p.m.
Early evening	6 p.m.	8 p.m.
End-of-day	10 p.m.	Midnight

[1]Bank processing time is an estimate

There are no additional fees associated with later deadlines.

8. Pay Cards

a. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs.

To meet the City's need to disburse funds to employees and Workforce Development program participants, U.S. Bank recommends our Focus Card and Focus Non-Payroll Card programs—the same reliable, easy to use programs that the City used previously for payment disbursements to your employees and participants. The Focus Card program is used for employee wage payments. Focus Non-Payroll is commonly used for incentives, expense reimbursement and other non-payroll disbursements. [redacted] A complete listing of cardholder fees for the Focus Card and Focus Non-Payroll Card are provided in **Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal**.

All our prepaid cards provide recipients with an electronic payment option that is issued in a familiar, card-based format while being issued by U.S. Bank, a name they can trust. Prepaid cards are an ideal solution for recipients who lack access to traditional bank accounts. Recipients do not have to undergo a credit check or have a bank account to get or use a prepaid card, allowing electronic payment to unbanked and underbanked recipients. Since no credit is extended to these card programs, the recipient only has access to the amount you authorize.

For the recipient, a prepaid card carries the Visa® brand, making it flexible and easy-to-use (accepted almost everywhere). The card can be implemented seamlessly into your traditional payment process as an ACH payment. [redacted]

The primary difference between the two programs is the types of payments allowed:

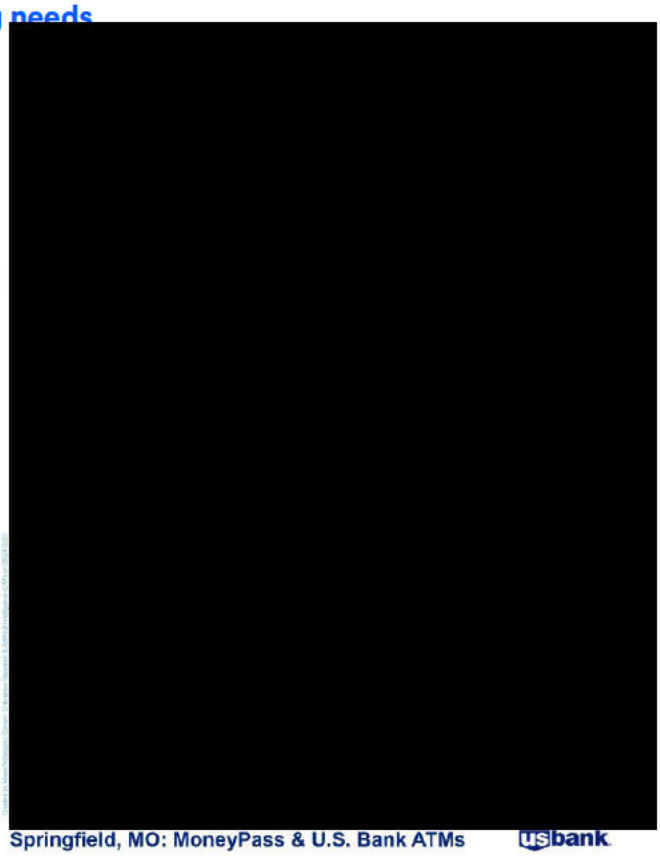
Focus Card	Focus Non-Payroll Card
Used for payroll, termination pay and other employee wage payments such as commissions and bonuses.	Used for recurring payments that are non-payroll disbursements such as incentives and awards, per diems/expenses and 1099 contractors.

The basic card features and functionalities of Focus Card and Focus Non-Payroll Card are similar. Cardholders can use either card at a wide range of merchants that accept Visa, obtain cash at ATMs and monitor their balance and purchase history via our customer-friendly website and mobile app.

Card programs support everyday purchasing needs

For the cardholder, the prepaid card allows them to receive money immediately and to use it as they wish—by making purchases, obtaining cash or leaving funds on the card until needed. The prepaid card carries the Visa brand enabling it to be used wherever Visa debit is accepted for both signature and PIN-based purchases. Key cardholder benefits of the card include:

- **Make purchases almost anywhere, locally, nationally and online**—The prepaid card carries the Visa brand, allowing it to be used for both signature and PIN-based purchases at more than 57 million domestic and nearly 200 million international POS locations, many of which offer cash back at the point of sale. Additionally, it can be used for online or phone purchases.
- **Instant access to funds**—Just like a traditional bank account, your cardholders will have access to their money as soon as funds are deposited onto the card.
- **Safer than cash**—FDIC insured programs, with Zero-Liability and Purchase Security, help protect cardholder funds.



Springfield, MO: MoneyPass & U.S. Bank ATMs

- **Cash access at ATMs and all Visa banks**—For the recipient, the cards function in a similar manner as a traditional debit card and provide free cash access at more than 44,000 in-network U.S. Bank and MoneyPass ATMs and 97,000 Visa member banks and credit unions in the United States.

Current U.S. Bank Prepaid ATM Network

Transaction type	Network	Springfield	Missouri	U.S.	World
ATM cash withdrawals (In-network)	U.S. Bank MoneyPass	67	1,180	44,700	44,700
ATM cash withdrawals (out-of-network)	Visa Plus	663	11,157	681,000	2,300,000
Teller withdrawals (Visa-affiliated financial institutions)		124	2,663	97,250	531,100
Total access points		**854**	**15,000**	**822,950**	**2,875,800**

Furthermore, we equip your recipients with the tools they need to utilize their cards. Cardholders will have multiple options to help them get information and keep track of their account. They can contact our customer service center free of charge at any time as our support lines are available 24/7. Cardholders may obtain customer support via:

- **Cardholder website**—For your cardholders, managing the funds on their card goes beyond simply knowing their total balance. From paying bills to finding a nearby ATM, our easy-to-use cardholder website offers cardholder's wide-ranging functionality, allowing them to manage their accounts in a similar manner as a traditional bank account. All cardholders receive secure, unlimited access to the cardholder website, which is available 24/7.

- **Mobile app**—For convenient access at any time, the mobile app provides the most popular features and functionality available as the online website. Cardholders can proactively check their account balance, receive automatic alerts, view mini-statements on-the-go and locate in-network ATMs.
- Customer service center
- **Live agent support**—Support is provided in English 24/7, in Spanish during business hours and via a language line interpreter service 24/7 covering nearly 200 languages.
- **IVR support**—Provides cardholders toll-free, 24/7 automated access in both English and Spanish. The IVR system allows cardholders to obtain account information, complete routine service requests and speak to a live customer service agent, if needed.
- **Email and text alerts**—Cardholders can enroll in automated alerts for a variety of notices via our cardholder website.
- **Two-way text alerts**—Cardholders can use two-way texting to receive a variety of updates, including but not limited to real-time card balance and recent transactions.

Managing your card program

U.S. Bank provides a secure online administrative portal that allows you to manage the entire program in real time and have access to all program data. Through the administrative portal your team will have access to issue and fund cards at any time. Card inventories can easily be managed using our inventory management system which set reorder points and automatically sends additional cards when stock is depleted.

With 24/7 availability, this comprehensive administrative portal rolls all program functions into one, user-friendly interface to make management of the card program as simple as possible. This system allows your administrators to monitor program activities such as:

- Enroll cardholders – file upload or individually
- Fund card accounts
- Confirm enrollment and funding processing
- View adjustment (funding) account information
- Locate routing/card account information
- Create, view and export reports
- Search cardholder information:
- Look up existing cardholder account info
- View cardholder status
- Account verification
- Edit cardholder demographic information

Access to the administrative portal is securely controlled through the use of unique user IDs and passwords. For added security and to ensure only authorized individuals are able to load cards and view sensitive information, your administrators are assigned user roles and permissions enabling them to complete only the necessary tasks related to their job description. Different role and permission configurations are assigned to each user and drive different access levels and functionality, such as viewing data, running reports and funding cards. The City will determine how the roles and permissions are assigned to their administrators, giving you control over who has access to varying levels of information and functionality within the portal.

Easy enrollment and funding options

Information required for cardholder enrollment includes:

- First and last name
- Date of birth (DOB)
- Physical address
- State of employment (Focus Card only)

We do not require Social Security number (SSN) or another unique identification number, such as Individual Taxpayer Identification Number (ITIN), but it may also be used if necessary. To help us improve the customer service experience, we request that the City provide us with the cardholder's mobile phone number and email address. Additional elements may be incorporated if the City requires them, such as employee ID.

We support the following options for enrollment file/information transfer:

- **Manual data entry**—New recipients can be individually enrolled directly on the administrative portal in real-time
- **Batch file uploads**—Multiple recipients can be enrolled at any time by uploading a CSV file

[redacted]

Upon processing of the enrollment file, all personalized cards are sent for production and shipped first-class mail via the U.S. Postal Service (USPS). Our card fulfillment provider is a USPS hub which helps to ensure prompt delivery of cards to recipients.

We follow industry leading security procedures and protocols for card production, including only distributing cards as inactive and requiring cardholders to activate the card and select a unique PIN once they receive it. Our standard reports indicate whether the card has been activated and the date of activation.

Flexible funding options

Cards are funded through the use of a primary funding account that is pre-funded by the City through a standard ACH. Use of the primary funding account enables your administrators to transfer funds to individual card accounts in real-time through our administrative portal. By using an account-to-account transfer, funds are available for immediate use by recipients. You can also fund cards using ACH direct to the card and batch file funding.

Standard reporting

Through our secure prepaid administrative portal your team will have 24/7 access to reports which can be generated as frequently as needed. We provide a series of standard reports that recaps the status of your entire program. Our standard report formats include a range of reports that allows your team to closely monitor your card program.

Each report is query-based, allowing you to run them for the exact timeframe needed to support your reporting requirements. Reports can be run for any period of time up to 31 days in duration – allowing you to produce report for monthly, month-to-date or any time period up to 4-weeks.

Query results pull from all available data, which includes as recently as the previous day's activity and as far back as 12 months in arrears. Self-generated reports can be exported in Excel or Word formats for ease of customization and consolidation of information. There are no fees associated with our standard reports. The only technical requirement for accessing our reporting system is a standard web browser.

Streamlined implementation

Our proven and tested implementation methods make transition and launching a new prepaid card program easy. To streamline the implementation, U.S. Bank will assign a dedicated onboarding manager to coordinate and oversee the end-to-end process. Our onboarding manager follows industry-leading Project Management Institute (PMI) principals and is vigilant in continually monitoring all aspects of the onboarding process such as assigning responsibilities, scheduling meetings, tracking task status and identifying risks quickly to help ensure the ultimate success of your implementation.

We generally allow approximately eight to 10 weeks to implement the card program (card customization and technical integration may require additional time). Through our implementation discussions, we establish the framework for program development that allows us to put all the necessary administration pieces into place, including our formal project plan documentation that outlines the logistics and scheduling of each step in the implementation. This project plan will be used as our guide to track progress during the rest of implementation. The project plan provides a big-picture illustration of key project milestones and timeframes, roles and responsibilities for both our team and yours, as well as the completion status of individual project tasks. As a living document, individual tasks can be adjusted during implementation as mutually agreed upon.

As one of the most critical components of your onboarding process, the City will experience a streamlined approach to training that equips your administrators with the knowledge and resources they need for effective program management. Our onboarding manager will schedule web-based training sessions where he or she will walk your team through all aspects of the prepaid card operations. This training focuses on:

- Understanding and navigating the administrative portal
- Establishing system users and defining permissions/roles

End-to-end support and training

Our training approach walks your team through all the steps needed for successful program launch and operation.

- Enrollment process
- Funding process
- Reporting process

These training sessions provide your administrators with the knowledge they need to manage the program on a daily basis and train additional administrators. In addition, our administrative portal has built-in online "How to" summaries for each major task in the system. These self-service training guides are available on a variety of topics to assist your administrator in understanding how to manage their programs better. Additional training is available as needed throughout the relationship.

Experts in program transition

Our number one goal during implementation is to make sure you and your team have the resources needed to successfully transition your program in a streamlined, efficient manner. Our implementation approach includes collaboratively assessing your program transition communication and marketing needs. For existing employees using paycards, we have the flexibility to take the approach that makes the most sense for the City and your employees. Many clients launch the program and offer the Focus Card to new hires initially, then target employees using the existing paycard and paper checks in subsequent phases of the program roll-out.

We will assist you in developing the optimal marketing and educational campaign strategy and developing the necessary collateral to inform and educate your employees about the new prepaid card. Specific marketing plans we will develop with you during implementation typically include:

- **Initial card outreach plan**—We will work with you to determine your goals for card adoption, specific groups to target and how the City wants to encourage employees to use the Focus Card for ongoing payroll payments
- **Initial communication strategy**—From workplace posters and emails to check inserts, we will work with you to develop the necessary collateral to increase employee awareness of the new option employees have to receive their payroll payments
- **Ongoing marketing materials**—In order to drive enrollments, our marketing team will work with the City to provide materials to effectively engage the use of prepaid cards by your employees

Alerting existing cardholders to the change in providers

In order to help ensure your current cardholders experience a smooth transition to the Focus Card program, we will send a letter to cardholders alerting them of the change prior to the first funding date. The letter your cardholders will receive includes:

- **Communication of change**—U.S. Bank will send this letter out approximately 45-60 days before the new Focus Card program launches. The letter will alert cardholders that the City will soon be switching from your current provider to the U.S. Bank Focus Card and to watch for additional information and instructions prior to receiving their new card.
- **Custom messaging**—The content of the letters can be modified to include messaging specific to your conversion process. We will prepare the letters and send them to your team for approval. Once approved, we will coordinate distribution based on an enrollment file of cardholders you send to us.

[redacted]

Dedicated program support

To help make the implementation of your U.S. Bank prepaid card programs smooth and efficient, we designed a client support process that includes a team of dedicated professionals. Tyler Vickery will continue to work with you through the contracting process and introduce you to our onboarding manager who leads your team through the entire onboarding process. Our relationship manager will also be part of the onboarding discussions, so they are familiar with your program from the start. Your team is also supported by our client support team of more than 20 dedicated technical specialists. With several readily available resources, your team has access to individuals who can guide you through all aspects of implementation, technical/system questions, reporting and customer service matters throughout the contract period.

Onboarding Manager

The prepaid onboarding manager is a primary contact during the prepaid program setup phase. During implementation, the onboarding manager monitors milestones, performs administrator training, hosts prepaid program calls and ensures all project tasks are completed prior to program launch.

Relationship Manager

The prepaid program relationship manager serves as the primary point of contact and escalation channel for the City, acting as a client advocate responsible for prompt resolution of issues, providing program support and training, as well as partnering with you on growth opportunities. The relationship manager is available via phone or email during regular business hours.

Client Support Team

In addition to our relationship manager, the City will also have direct access to our 20-person client support team for technical assistance. Calling the client support team is the fastest and most direct way for your team to get immediate technical support. With access to key system resources, they can see and track records to promptly assist your administrators and get concerns resolved quickly and accurately. Our client support team can be easily reached for technical support by phone or email, Monday through Friday 7 a.m. – 7 p.m. CT. And for assistance with urgent issues after hours, our on-call manager is available to respond to your message.

Partner with a bank you can trust

U.S. Bank prepaid card programs deliver a reliable, secure, efficient and convenient payment method to meet the goals of the City. They support both in-person, on-site card/payment issuance and personalized cards to recipients, while offering low cardholder fees and exceptional customer service. We look forward to discussing how our Focus Card and Focus Non-Payroll Card programs would benefit the City and the convenience they would provide to your employees and participants.

Please note that, due to the specific nature of our prepaid solutions, the prepaid contract will be negotiated separately from other banking services to reach a mutually beneficial solution between the City and the U.S. Bank Prepaid division.

II. Merchant Card Services:

1. Process Visa, Mastercard, Discover and American Express branded credit/debit card charges by our customers at each respective location.

Elavon, a wholly owned subsidiary of U.S. Bank, specializes in providing integrated credit and debit card payment processing services. We provide PIN-debit support services similar to that of credit cards. This includes transactions processing, payments, reporting, EFT BIN file, reconciliation file delivery and adjustment processing.

We support all major card brands and multiple payment solutions, including:

- Visa, Mastercard, American Express and Discover, as well as Diner's Club, JCB and UnionPay
- Debit (Accel, AFFN, CU24, Interlink, Maestro, NETS, NYCE, PULSE, SHAZAM, STAR, Interac)
- Electronic Check (eCheck/ACH)
- EBT
- Fleet (Voyager, Wright Express, Visa and Mastercard Fleet)

2. Fees associated with merchant card services, including costs and fees for PCI programs and compliance, should be listed on Form No. 6B: Merchant Card Services Fee Schedule.

Please see our completed Form No. 6B for all proposed costs and fees.

3. Functionality and Certifications

a. Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

We help investigate and resolve payment disputes between a cardholder or issuer and the merchant. Chargebacks are normally initiated by the card issuer and transmitted through the payment networks to our merchant accounting system and Automated Dispute Resolution Processing (ADRP) system. When possible, auto-decisioning logic based on payment network regulations is used to automatically debit our customer and represent the chargeback.

Chargebacks that are not auto-decisioned by the ADRP system are grouped into work queues by payment network reason and usage codes. Chargebacks in the work queues are then researched by our Dispute Resolution team to determine if documentation is available to meet chargeback requirements for the transaction type and payment network. If the required documentation is available, we will represent the transaction to the issuer. If sufficient documentation is not available, our customer will receive a written chargeback notice, which will include a request for the documentation needed to support a representment.

After representment, parties may continue to dispute a transaction until a resolution has been reached. Chargeback and retrieval information, including status, is available through our online Payments Insider reporting tool.

4. Rates Disclosure & Other Items to Address

a. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

[redacted]

b. Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

Elavon is a participating organization of the PCI SSC and a PCI Level 1 Compliant Service Provider.

Proof of PCI DSS compliance can be found by visiting usa.visa.com/splisting/splistingindex.html and searching for Elavon, Inc.

For card-not-present business, we propose our Converge payment gateway, a single platform to support purchases made online or through a mobile application. Converge is a flexible and fully customizable solution that can be flexibly implemented to meet your payments acceptance needs. Whether supporting a secure checkout page or an integrated payment solution through our application programming interface (API), Converge offers solutions for a variety of payment types.

Converge is compatible with top shopping cart providers such as Magento, 3dcart, Big Commerce and more, while providing a variety of integration options that include the following.

Hosted Payments via the Converge Hosted Payment Page

Our customers can offer the convenience of paying online without the expense of managing sensitive card data by linking their website to a secure, Converge-hosted checkout page. Our Hosted Payment Page can be branded with custom logos and color schemes.

Cardholders enter their payment details into the hosted page to complete their purchase and Converge handles the payment processing. This solution is ideal for our customers who require a simple, secure checkout page to accept online payments.

Hosted Payments via Lightbox

This integration method offers a checkout or payment form that is compliant with Payment Card Industry Data Security Standard (PCI DSS) Self-Assessment Questionnaire A (SAQ A) and makes collecting payment information easy with no payment data touching our customer's server.

Lightbox uses an iframe to embed a checkout form as an overlay to our customer's web page. When the web page calls the checkout form, the web page darkens and becomes a transparent background; the checkout form appears as a floating element, allowing payment data to be collected without the cardholder leaving the website.

Checkout.js

Our customers can create their own Hosted Payment Page and use Converge to process payments using Checkout.js, our JavaScript library. Website developers can create something as simple as a checkout window or build a fully hosted payment page with all the bells and whistles. The PCI DSS compliance burden for integrations using Checkout.js is the same as a Hosted Payment Page.

Both options use Converge to handle payment data and process payments; however, with Checkout.js, there is no visible difference between the payment page and the rest of the website as there is with a hosted payment page. This may help preserve the look and feel of a website throughout to the checkout experience. Without the discernible difference, cardholders may be less likely to abandon the payment page since it never feels like they left the website.

XML API

Integration via an XML API is ideal for clients that want to maintain complete control of the look and feel of their online experience. Using this method, our customers collect payment data using their own servers and pass that information to Converge for processing. Cardholders never leave a website to complete a purchase, granting our customer full control of the checkout process.

c. Identify guarantees against down time.

All web browser interfaces are available 24/7 with an uptime SLA of 99.95%. Because of our dual datacenter system, downtime is minimal because if one datacenter fails, payment processing automatically rolls over to the other datacenter and uptime routinely achieves 99.99% uptime or greater. Maintenance downtime is minimal and occurs at non-peak times, such as overnight.

d. How are chargebacks and disputed charges handled?

Our Chargeback team processes an average of 190,000 chargebacks per month and 3,000 copy requests per month* and maintains an average retrieval fulfillment rate of 98.9%. Our team handles approximately 5% of chargebacks without customer involvement, which means fewer chargebacks for our customers and a lower overall cost of card acceptance.

We send chargeback notifications to you by mail, fax, email or online notification. Your operational account executive will then work with you to resolve the chargeback quickly and efficiently. Chargebacks that require documentation from the issuing bank are processed within an average of seven days while chargebacks that do not require documentation from the issuing bank are processed within an average of three days. Our proprietary chargeback system, Automated Dispute Resolution Processing (ADRP), is used to work chargeback and retrieval activity.

This single-point-of-entry system stores data related to each dispute. We implemented this system in 2001 and continue to invest and enhance the system to assist in the dispute process. Auto Decision functionality has been integrated into the system based on payment brand regulations for specific reason codes. This logic allows the system to determine if items should be represented to the issuing bank or debited to the merchant.

A proprietary facsimile draft is used to fulfill copy retrieval requests whenever possible and in compliance with payment network regulations to minimize the number of requests to the merchant. If the required data elements are available – and it is within brand rules – the request is automatically fulfilled. If original drafts are required, a request will be sent to the merchant. Any retrieval request that is not responded to by the merchant before the 25th day is auto fulfilled with a facsimile draft. This helps protect our merchants from exposure and lower costs.

An optional automated feature allowing email or fax notification of a chargeback or retrieval to be sent to the merchant within 24 hours of the time it is worked to give our merchants more time to respond. The system generates a 15-day reminder notice for all outstanding retrieval requests for merchants set up in this system.

This notification can be changed to five, 10 or 21 days or turned off. Outgoing notifications are barcoded, allowing auto-indexing to the appropriate case to occur when returned with the merchant response. This expedites the chargeback process and allows chargeback representatives to review and work on the merchant responses more quickly.

* Mastercard and Visa eliminated the copy request cycle except for healthcare transactions.

e. What type of equipment and data transmission lines are required?

Access to Converge requires a TLS 1.2 connection over TCP/IP to meet Payment Card Industry Data Security Standards (PCI DSS) and Payment Application Best Practices (PABP) requirements.

Secure access features are built into Converge, including:

- System timeouts after inactivity
- Restricted system logins
- Strong passwords that are unique to each user
- Required password changes every 45 days
- Auto-generated email notifications when passwords are changed

f. What specific information is required of the City to complete the set-up process?

The City must provide the following items when boarding a merchant ID (MID):

Required items		
▪ Doing business as (DBA) Name	▪ Legal Name	▪ Tax identification number (TIN)
▪ Merchant category code (MCC)	▪ Phone Number	▪ Email
▪ Legal Address	▪ Principal Name and Number	▪ Cards Accepted
▪ POS Device	▪ Client Group	▪ Entity

Required items		
▪ Sales Rep Code	▪ Short Name	

g. What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

With the Converge gateway, our clients typically submit a PCI DSS Self-Assessment Questionnaire A (SAQ A) to assure PCI-compliant status. Please refer to our Hosted Payment Page developer portal for additional information.

h. What is the process for adding new on-site or online payment locations?

This process typically consists of establishing a list of pre-assigned merchant IDs (MIDs) designated for you, as well as application submission training and Know Your Customer (KYC) documents. Our priority boarding process allows the boarding of additional locations to typically occur within two business days of submission.

Our average timeframe to open an account depends upon the number of MIDs requested as well as other factors, including pending items because of requests for additional information or clarification. If needed, we welcome the opportunity to discuss your requirements to develop a streamlined "add location" process.

i. What is the process for adding or replacing equipment?

Current payment processing technology supports issue resolution primarily through over-the-phone troubleshooting provided by our Customer Care team. There may be situations, however, that require device replacement.

[redacted]

j. Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

The U.S. Bank Enterprise Resiliency program is ISO 22301 certified. The program, which includes Business Continuity, Disaster Recovery and Vendor Resiliency programs, are annually audited by the U.S. Bank independent internal audit division as well as the ISO certifying agency. As a regulated financial institution, the U.S. Bank resiliency program is also periodically reviewed by the relevant governing agencies including the Federal Reserve Bank (The Fed) and the Office of the Comptroller of Currency (OCC).

Each of our departments maintains a comprehensive Business Continuity and Disaster Recovery Plan (BC/DR Plan) that contains the procedures necessary to resume normal operations. We conduct yearly BC/DR recovery exercises to test the viability of continuity plans and disaster recovery configurations.

Our plans are subject to compliance audits and internal audits to ensure that the organization, best practices and regulatory requirements are met. We are subject to the Payment Card Industry Data Security Standard (PCI DSS), the Gramm-Leach-Bliley Act (GLBA) and the Sarbanes-Oxley Act (SOX). We undergo audits and tests from multiple agencies such as the Office of the Comptroller of the Currency (OCC). In addition, we complete a full SSAE16 exam annually.

[redacted]

[redacted]

For additional information, please refer to **Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview**.

III. Purchasing Card Services and Accounts Payable Virtual Card Services:

1. Describe your purchasing card program.

The U.S. Bank One Card is designed to meet the needs of every corporate spending activity – purchasing, travel and fleet – and everything in between. The one card program allows the City to determine limits on purchase amount, number of transactions, types of supplier and other criteria, all while giving employees a flexible tool to do their jobs more effectively. Manage travel and procurement with just one process, one staff, one issuer and only one bill. Additional program features include:

- Definable individual credit limits
- Enhanced data capabilities
- Automatic travel insurance and emergency travel services
- Full reporting for complete expense management
- Current accounting system integration
- Cash advances
- Valuable employee incentive via optional FlexPerks® corporate rewards program

One card as corporate travel card

Our one card solution provides a comprehensive, simplified way to monitor and control corporate travel and entertainment (T&E) expenses, while providing complete insurance protection, travel assistance and emergency assistance services for cardholders. Our card solution offers extensive reporting functions that yield valuable information to help monitor T&E spending, as well as aid with supplier negotiations.

One card as purchasing card

Our one card solution streamlines the purchasing process and empowers your supply chain management strategies. By using the one card to place orders, the costs associated with processing requisitions, purchase orders and check requests are reduced by $74 per transaction. The program simplifies and enhances all aspects of the purchasing process, including policy compliance, vendor negotiations, transaction monitoring, security, reporting and payment.

One card as fleet card

Our one card solution offers an efficient solution that allows you to capture, track and manage your fleet expenditures. Our solution supports fleet and reporting controls by limiting acceptance to fuel and maintenance or fuel only purchases, validating driver and vehicle IDs, setting card purchase controls and capturing Level III data at the point-of-sale. The functionality provided by this solution helps to cut costs, manage supplier payments and operate more efficiently.

For additional information, please refer to the following attachments:

- **Attachment J.3.1, U.S Bank Purchasing Card Financial Proposal**
- **Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules**

2. Fees associated with purchasing card services should be listed on Form No. 6C: Purchasing Card Services Fee Schedule.

Please refer to Form No. 6C – Purchasing Card Services Fee Schedule.

3. **Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.**

U.S. Bank Instant Card™

When expenses for things like supplies, materials or travel arise, employees may have to pay for these items with a personal credit card and then seek reimbursement. The process is often cumbersome, time-consuming and slow, not to mention prone to errors and possible fraud.

The practice of paying for business expenses with a personal card is not limited to your full-time employees. There are also contingent workers to consider – interns, contractors/freelancers, consultants, volunteers, guest speakers and recruits.

You need a way for those individuals that do not have a corporate credit card to make purchases for your organization without giving up control. The U.S. Bank Instant Card is a fast, efficient and easy way for your employees and contingent workers to make business purchases and keep your operations moving.

Instant Card uses a mobile app to push a virtual credit card to an individual to use in U.S. or Canadian dollars. With just a few simple steps, you can create and send an Instant Card to anyone in your organization who needs it.

Steps in the process include:

- **Step 1**—Enter basic recipient details including name, email address, mobile phone number and optional employee ID. You set the credit limit and expiration date.
- **Step 2**—Share the Instant Card. You can send the Instant Card through either the web portal or the Instant Card app. Recipients will receive an email with instructions to access the Instant Card.
- **Step 3**—The recipient can view the active card details on their smart device or add it to their mobile wallet.

Instant Card features and benefits include:

- **Allows for payment flexibility**—Recipients can view full card details for online purchases or use their Instant Card in their mobile wallet for in-store transactions.
- **Provides security and control**—Set card limits, restrict MCCs and set expiration dates to protect against misuse.
- **Reports help manage transactions**—Instant Card seamlessly integrates with Access Online so you can view transactions online. Access Online extract files contain Instant Card transactions and integrate into existing financial systems, such as automatic daily feed to SAP Concur, Expense Pro, TravelBank and Chrome River.
- **Eliminates the use of personal credit cards**—No personal card use means greater spend visibility and easier reconciliation for your organization. Plus, employees and contingent workers will not have to worry about paying out-of-pocket for business expenses.
- **Reduces fraud**—Instant Card uses a uniquely generated card number, expiration date and security code as a proxy making it highly secure. Setting card limits for only what needs to be purchased and short expiration periods limits fraud. Mobile wallet use provides an additional layer of payment security.

Department cards

We can issue a department card to the City that may be used by multiple users of a department for authorized purchases. There will not be a cardholder name embossed on the plastic but rather a department or company name. A Program Administrator's name is required to be tied to the account. Please note that without an assigned individual's name and signature on the card plastic, merchants may not accept it for payment processing because of the increased risk of fraud and misuse.

Reconciliation

The following tools are available to assist you with the reconciliation process:

Solution	Description
Allocation Rules Engine	▪ A client-defined system that allocates transactions to appropriate cost centers, projects and expense types through City-defined rule sets. ▪ Automated process that promotes minimal work to manage transactions.
Accounting Code Validation	▪ Improves the efficiency of your entire procurement process by automating the allocation process and reducing manual intervention. ▪ Confirms the validity of accounting codes, accounting code segment values and combinations of segment values.
Order management (North America only)	Gives you access to a tool that allows order and financial data match/reconciliation to occur automatically.
Transaction Approval Process	The essential steps in the process are: ▪ You select preferred approval criteria in Access Online. ▪ Based on your criteria, the first level approver (typically the cardholder) can approve transactions that have been posted to the cardholder's account, which initiates the approval workflow. ▪ The second level approval manager (usually a cost center manager) then receives, reviews and approves the transactions forwarded by the cardholder.
Receipt Attachment	Access Online supports your need to retain purchase documentation by allowing users to attach multiple PDF, JPG or PNG files to a transaction (one at a time). These files can contain any purchase documentation the City needs to: ▪ Accurately reconcile transactions. ▪ Recognize and report fraudulent activity. ▪ Effectively dispute transactions. ▪ Identify unauthorized purchases.
Travel Virtual Pay	▪ Automatically reconciles travel data to the transaction data posting to the account by assigning a unique single-use account number to the booking data. ▪ Eliminates the need for manual reconciliation of central bill/lodge cards, direct bill and invoicing.

4. Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

Because U.S. Bank is your current commercial card program provider, implementation will not be required. With our experience as a pioneer in the payments industry, we bring two distinct advantages to your program:

- **Knowledge and momentum**—We have developed relationships, processes and a thorough understanding of your organizational goals and requirements, which provides significant momentum toward rapid and comprehensive deployment and achievement of your program objectives.
- **Fresh perspective**—We will work with you to examine your current program and make recommendations for best practices to achieve greater efficiencies and bring your program to the next level.

Your Account Coordinator will speak with your Program Administrator and other City contacts as needed. This discussion will help define the critical elements of the card program required to make the program a success. The primary setup tasks are organized into three categories:

- **Program structure**—Encompasses all aspects of the system setup for your program, including:
  - Billing and liability
  - Company/organization groupings and hierarchy
  - Account enrollment process
  - Spending controls and security
  - Procedures for ongoing account maintenance
- **Program enhancements**—To help you manage your program more efficiently, we offer a variety of program enhancements, free of charge, including Access Online. Your Account Coordinator will facilitate creating user accounts on Access Online, providing you with web-based support for setting up and maintaining accounts, running reports and managing allocations.
- **Training, communications and policy**—We have a variety of training courses available for Access Online, to help train your cardholders and communicate program information to them. Your Account Coordinator will help you evaluate your current program needs and offer training course information.

As a best practice, we recommend providing an updated AP file annually, as this allows for the continued analysis and optimization of your existing program.

Supplier enablement

We have a robust and unique supplier enablement program that provides many tools at the City's disposal for gaining the maximum virtual card adoption. Through collaboration with our subsidiary – Elavon Merchant Services (Elavon) – as well as other innovative approaches, we have access to exclusive merchant acceptance.

In consultation with the City, your dedicated U.S. Bank Supplier Enablement Manager develops a custom program that targets both accepting and non-accepting merchants through our broad solution set, described below:

- **Elavon merchant acquiring business**—U.S. Bank is one of only two financial institutions that owns its own payment acquiring business. We have trained a specific subset of our sales team to be versed in supplier enablement and business-to-business solutions; specifically, with calling suppliers that do not currently accept credit cards. This team can navigate a payment acceptance discussion and offer the full suite of payment acquiring solutions, including Straight-Through Processing (push payments).
- **Preferred Supplier Pricing program**—Through collaboration with Elavon we can offer proprietary interchange rates negotiated with the Card Associations to attract and retain key suppliers for your Virtual Pay program. Lower acceptance costs can neutralize price objections and make virtual payment more attractive to strategically targeted suppliers.
- **Merchant online self-enrollment portal**—During supplier enablement campaigns, we offer the option to send suppliers a simple online link to enroll in the program. This often serves as an effective

"phase one", quickly and efficiently enrolling those suppliers who are already educated on the benefits of card acceptance.

- **Supplier Proxy Pay**—We recognize that some strategic suppliers will only accept card payments via receivables websites, IVRs and call centers. [redacted]

Your U.S. Bank Relationship Manager and assigned Supplier Enablement Manager will work with you to target suppliers. Our Supplier Enablement strategy, which mirrors our implementation methodology, will be specifically tailored to the City and your suppliers and includes the following steps:

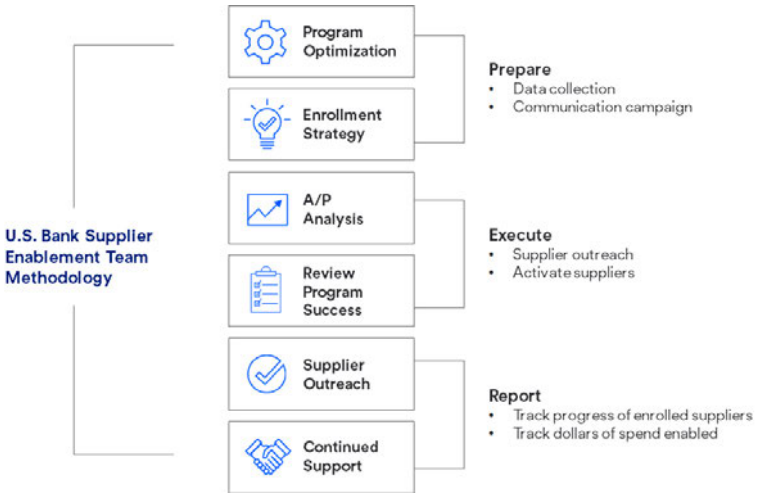
Discover	Design	Execute	Analyze
• **Review** strategic initiatives • **Understand** your program goals and objectives • **Conduct** A/P Analysis from your supplier system	• **Present** A/P Analysis findings • **Develop** Enrollment strategy with you • **Determine** targeted suppliers • **Create** campaigns (letter, email and calling plans)	• **Contact** your suppliers through selected campaigns • **Enroll** suppliers through telephone or online portal • **Setup** supplier in Virtual Pay • **Notify** you of suppliers' enrollment	• **Transition** suppliers to our Supplier Support Team • **Review** enablement progress • **Identify** suppliers for future enablement phases

Our supplier enablement team will handle all contact with the suppliers to support your enablement needs and will also work with you on shared contact strategies to leverage your supplier relationships.

Supplier outreach

We conduct supplier outreach by sending an announcement letter to the suppliers and following up via telephone with specific suppliers within that population that we anticipate coming into the program at a higher rate. Calling is usually conducted over a six- to eight-week period and results are delivered weekly to the City by your dedicated Supplier Enablement Manager. They will work with you to analyze the results and will provide recommended next steps and strategies for suppliers who may decline the initial outreach.

Our supplier outreach process flow is as follows:



IV. Safekeeping Services:

1. Describe your safekeeping services.

Safekeeping provides specialized services such as Pledging, Tax Reporting and membership in the SIC Lost and Stolen Security Program for customers who require them. Safekeeping has a number of specialized reports that are available to our customers

2. Fees associated with safekeeping services should be listed on Form No. 6D: Safekeeping Services Fee Schedule.

Please refer to Form No. 6D.

3. Submit copies of your firm's bond reports with your proposal. In addition, indicate any enhancements that are under consideration.

Please refer to **Attachment U.1, U.S. Bank Credit Ratings**.

4. What are your cutoff times to settle investment transactions?

All trades are subject to trading availability. All times listed are Central Time (CT). Normal business hours are 7 a.m. to 6 p.m. CT.

- Certificates of deposit: 3 p.m.
- Commercial paper:
  - U.S. Bank: 3 p.m.
  - U.S. Bancorp: 2 p.m.
  - Most others: 11:30 a.m. (based on issuer availability)
- Treasury bills, notes, bonds and agencies
  - Same day (cash trades) before noon
  - Otherwise, you may purchase or sell the security until 4 p.m. to settle the next business day
- Bankers' acceptances
  - Same day (cash trades) by 2 p.m.
- Otherwise 4 p.m.

V. Overall:

1. The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

You call a general Commercial Customer Service (CCS) number for any treasury management inquiries. If an issue requires escalation and more detailed second level support, the CCS banker assigns the issue to an operations or technical area to facilitate the resolution through our call-tracking system. Most issues are resolved within 24 hours and are escalated as necessary.

Should further escalation be required, the CCS banker escalates the issue to their team leader or CCS site manager, who works directly with escalation contacts for all operations and technical areas. The relationship manager is part of this process. Senior management team members meet each Friday to address and solve escalated issues, keeping ownership until the root cause is determined and resolved.

First level: Commercial Customer Service (CCS)

When an issue is identified, your first step is to report it to CCS, who enter it into our call tracking system and attempts to resolve it. If the service banker is unable to resolve the issue, CCS escalates it to a product-specific Level Two support team.

Second level: Escalation to appropriate operations managers

The issue is escalated by an appropriate manager (as listed in Level Two) sending an email summarizing the situation to the Operation Servicing Issues group. An appointed senior management banker then logs the issue and engages appropriate operations (or other groups) in the research and resolution of the issue.

Third level: Escalation to senior management

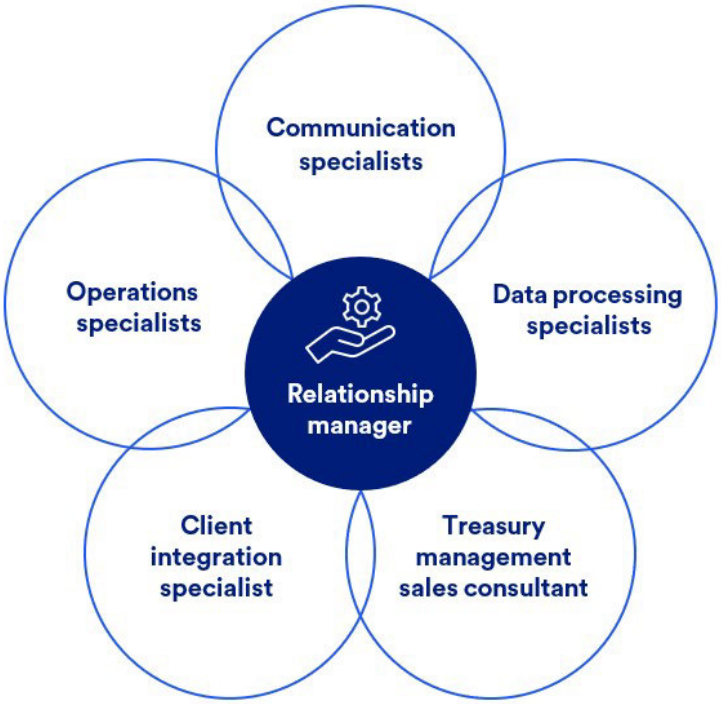
All open issues are reviewed in the Treasury Management Operations Service Quality meeting every Friday. The purpose of the meeting is to review actual performance relative to all operations and IT service level agreements (SLAs). SLAs relate to system availability, accuracy and responsiveness. IT and operations managers speak to causes and remedial actions in process relative to missed SLAs.

2. The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

We've designed a digital onboarding process to make your transition smooth and efficient. We spend the time and resources to build a solid foundation for a successful relationship between the City and U.S. Bank. As your dedicated business partner, we work to understand your organization and provide solutions to support your business needs. You can rely on our commitment, accessibility and responsiveness.

A seasoned team of experts, dedicated to your success

Your primary U.S. Bank contact is your relationship manager, Anna Milbach, who works with your U.S. Bank implementation team.



Client Integration specialist

- Plays a critical role in guiding the entire implementation process as your primary contact
- Distributes and obtains appropriate documentation
- Works closely with various departments within U.S. Bank
- Coordinates the technical team for system testing and training
- Their level of experience and commitment ensures an accurate and timely implementation

Treasury management consultant, Becky Holmquist

- Works with you to identify appropriate solutions to help your organization manage cash and improve efficiencies
- Keeps you informed of new or emerging technologies which may impact the way you do business

Treasury management sales analyst

- Works closely with Becky Holmquist to establish identified products and services

Although there are many people involved in implementation treasury management services, you will always have one contact you can call with questions during your implementation process – your Client Integration specialist. After successful implementation, you are assigned a CCS team for ongoing product and account support.

Digital tools streamline the entire process and give you more insight and control

Digital onboarding provides complete visibility of all your implementation activity – all within one location, SinglePoint. With the digital dashboard, next steps are quickly identified and your employees can easily collaborate to keep the process moving.

- We have simplified document exchange by enabling you to securely exchange sensitive bank information online. SinglePoint notifies you when your documents are ready to print, sign and upload.
- Electronic signatures allow users to quickly and securely sign documentation, with no need for paper, printers and scanner. Prepopulated forms streamline completion. Notifications alert you when documents are ready, ensuring continuous progress.

A collaborative partnership
to customize your implementation

Discovery meeting	We ensure we have an in-depth understanding of your workflows and related cash flows to appropriately finalize the solution set
Meeting your implementation team	Your dedicated team works with your employees throughout the process
Kick-off meeting	• Key stakeholders are introduced • Documentation can be presented for execution • Preliminary timeline is discussed and agreed upon
Implementation strategy	A comprehensive plan designed to achieve your specified production date
Weekly touch point meetings	We meet with your key stakeholders throughout the process to ensure benchmarks are on track and any issues are quickly resolved
Completing documentation via SinglePoint	• Onboarding Tracker facilitates file exchange as we establish accounts and integrate services (prepopulated forms streamline the process) • SinglePoint notifies you when documents are ready or require attention • Agreements and/or questionnaires are completed and received by your Client Integration Specialist, which marks the start of the service set-up
Test data transmissions	• We test for connectivity through a telecommunications handshake • You transmit test files for each applicable service to ensure data is properly received • Upon successful testing, we select a production date

During implementation, your Client Integration Specialist and implementation team support your technical set-up. After implementation, the City may call CCS for technical support. If necessary, we escalate to the appropriate technical support team. Technical support is available until 7 p.m. CT.

3. Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

U.S. Bank acknowledges and will meet this requirement.

4. What differentiates your service and/or products from other providers?

We have installed common processing platforms across all markets for key depository services. Authorized employees in all locations can access client account information from the DDA, deposit reconciliation, returned items, teller platform and billing systems. Our national processing capabilities allow the City to make deposits to any account in all the states served.

Cash Vault Services

We have a long history of experience, leadership and commitment invested in providing industry leading cash vault services. We are particularly proud of our seamless integration of in-house and extended network cash vault locations into one single, U.S. Bank-managed network. We provide consistent and reliable service in all locations.

Our single vault vendor partnership with Brink's supports our extended network. Brink's commitment to service quality, efficiency and security means we are better able to control service quality and provide you a seamless experience.

All our cash vaults, including our extended network, are fully automated with sophisticated vault technology and currency counting equipment with counterfeit detection. Automation links all aspects of cash handling together to improve productivity, enhance customer service and provide comprehensive information reporting. We have access to Brink's reports, deposit and change order details in order to assist in research and resolve issues in an efficient manner.

The strengths of our cash vaults include:

- State-of-the-art automated cash vault processing equipment and procedures
- Sophisticated security features, including a deposit tracking system, built-in counterfeit detection, camera surveillance, segregation of duties and a dual processing environment
- Comp-U-Order phone ordering system and SinglePoint Cash Vault to order cash 24/7
- Connectivity to DTS ConnexTM at our cash vault locations

Traditional Branch Cash Services and Branch Cash Forward

As a Branch Cash Forward user, you have access to a local U.S. Bank branch, get timely credit for your deposits and receive high-quality customer service.

5. Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

[redacted]

6. How do you plan to keep your products/services current and competitive?

Our dedicated product management team develops innovative solutions in an evolving marketplace. Crucial to this effort are:

- **Product managers**—Tasked with healthcare-specific collection and disbursement products
- **Voice of the Customer research program**—Identifies client pain points and facilitates the generation of new product developments and enhancements in response to client feedback

- **Product developers**—Staff prioritize, develop and validate requirements to ensure we accurately document the need
  - We seek client input via solutions mapping sessions, which shape product design during the pilot process

Our client focused solutions address specific needs, providing an optimal user experience.

Innovative and holistic treasury management	
Payables/receivables	▪ Automated receivables with VantagePoint™ (integrated receivables solution) ▪ Increased supplier enrollment, improving the adoption of electronic payments ▪ Reduced costs with automated single workflows ▪ Simplified electronic bill presentment and payment solutions ▪ Building a digital bridge beyond traditional branch and cash vault services
Mobile	▪ SinglePoint Mobile's enhanced capabilities work on both iOS and Android OS devices ▪ On-Site Electronic Deposit Mobile added remittance and batch deposit processing ▪ Mobile e-payments are continuously expanding
Health system operational excellence	▪ Payee Choice promotes strategic active patient relationships ▪ Extensive check printing and Zelle payment solutions facilitate patient refunds ▪ Payment Consolidator's superb reconcilement functionality is designed to meet health system collection requirements

7. Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

Account Validation

U.S. Bank Account Validation offers one of the most powerful tools in mitigating fraud losses and transaction exceptions (e.g., rejects, administrative ACH returns). It serves as a last line of defense against fraud like Business Email Compromise (BEC) and payroll diversion. Account validation ensures the City is compliant with the Nacha rule that requires validation for the first time use of account information prior to initiating WEB debit transactions.

Evolving solutions to outpace fraud

Business Email Compromise and payroll diversion-related fraud schemes continue to result in significant losses each year. Account Validation helps you reduce fraud and payment exceptions by inquiring about account status or ownership with status information contributed by thousands of banks. With Account Validation, you can view:

- Status information for up to 85% of domestic bank accounts via the Early Warning National Shared Database
- Ownership information for up to 60-65% of domestic bank accounts

Account validation is offered in collaboration with Early Warning, the owner of the powerful National Shared Database of account information.

Vantage Point

The City may face many challenges with your receivables management processes. You receive multiple payment types, remittance information is sent separately or not at all, and there are different processes for applying different types of payments. U.S. Bank VantagePoint® is a centralized receivables management solution that will redefine how you manage and interact with your payments, data and images; all while streamline payment posting.

- Centralized client interface for receivables payments, leveraging the power of SinglePoint
- Customizable business rules and workflows quickly identify exceptions and route payments for review
- Upload invoice detail and/or supporting documents to transactions
- Reassociation of remittance data with the financial transaction (if separate)
- Strategic view of working capital cycle to enhance decision making

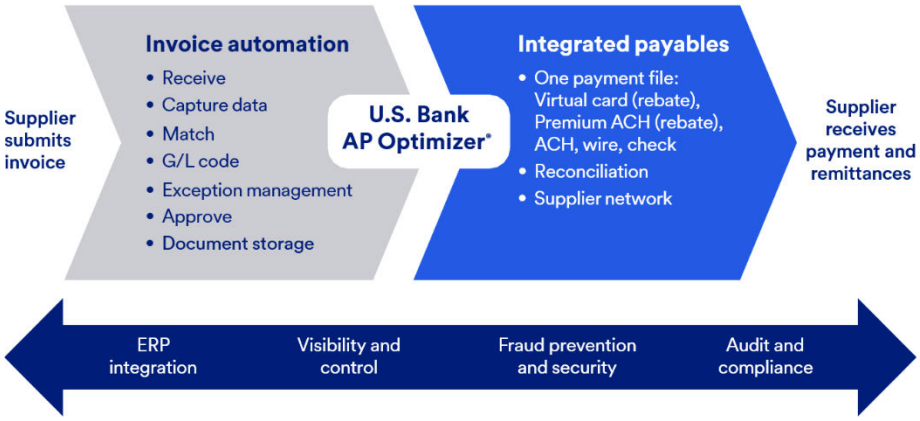
A simple and streamlined workflow

VantagePoint integration	VantagePoint delivers files	Actions for your A/R team
1. Maps remittance to payments 2. Matches invoices against A/R file 3. Links payer to transaction 4. Matches and augments payment 5. Identifies exceptions	You receive: • Closed transactions • Exceptions	1. Review and clear exceptions 2. Download posting file -or- automated transmission via API 3. Research payments 4. Act on reporting analytics

VantagePoint is highly configurable with an array of features you can use to benefit the City's operations. We will gladly provide a demonstration so you can see the possibilities and ask questions specific to your challenges and objectives.

AP Optimizer

You can completely automate your accounts payable (A/P) process, from invoice intake through approval, to payment and reconciliation. AP Optimizer is ERP agnostic and can integrate via multiple various protocols with minimal IT support, and it comes with a network of 500,000+ suppliers already accepting payment. Reconciliation is easy because all payments are disbursed through a single platform. You'll reduce fraud and see day-one improvements in process efficiencies, cost savings, higher rebates and complete payment control.

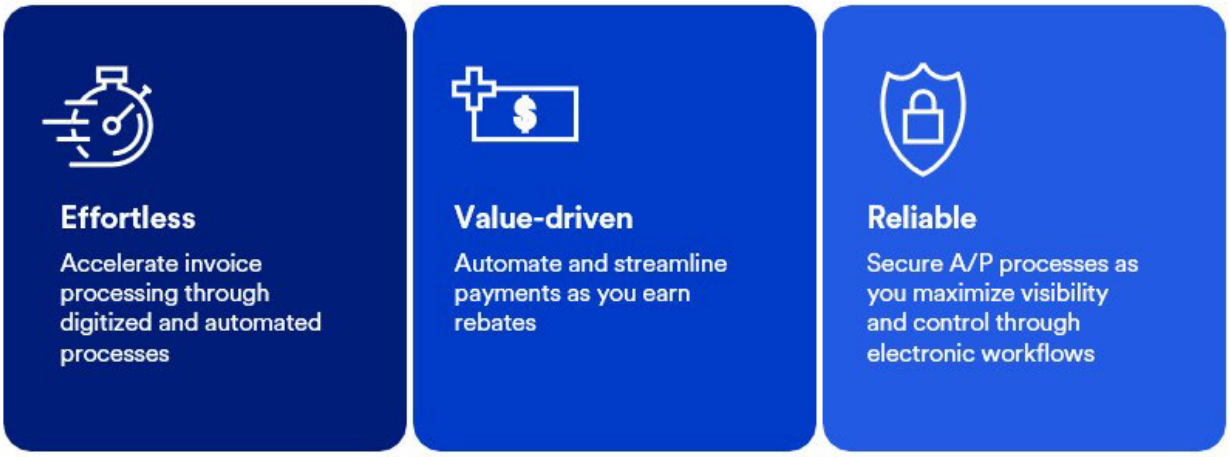


Reduce fraud across the payment spectrum

- Improve security and compliance with fraud prevention services, real-time reporting and a complete audit trail
- Convert paper documents and manual tasks into fraud-resistant, auditable workflows
- Prevent unauthorized access with stringent security protocols and technologies
- Protect sensitive information, transactions and accounts with secure storage of supplier payment accounts

The City will benefit from additional security, process control, digitization and cost savings – as you earn rebate on virtual card and Premium ACH. AP Optimizer:

- Allows automation of invoices and payments while facilitating disbursement and reconciliation of all electronic payment types
- Integrates via multiple various protocols with minimal IT support
- Significantly mitigates internal and external fraud while eliminating supplier account data storage risks
- Expedites ROI through a simple, fast implementation process – backed by the strength and stability of U.S. Bank



Outsourced check printing

U.S. Bank Check Payables is an efficient and secure solution to outsource the printing and mailing of paper checks, intended to reduce risk and improve fraud prevention.

- **Cost-effective process**—Outsourcing check printing reduces your check stock and storage expenses. With check payables, your internal administrative paperwork, processing time and staff expenses are also reduced.
- **Print and insert brochures**—You may request customized brochures be printed and placed in the mailing or pre-printed brochures can be included.
- **Shipping options**—Several shipping methods are available for each check produced: First Class mail, foreign mail, Federal Express or UPS. Checks can be mailed directly from our print location or can be sent to you for mailing.
- **Flexible formats**—We accept industry standards such as ANSI X12, BAI and XML, a standard flat file, and proprietary flat files. Files can be transmitted to us directly from you or your third-party data processor, such as a VAN. Alternately, checks may be individually keyed in or uploaded via a standard CSV format via SinglePoint Check Payables. This flexibility makes check payables easy to use.
- **Fraud prevention measures**—The same day checks are issued, a data file with checks issued information will automatically update positive pay and, if applicable, your account reconciliation system. This reduces your exposure to check fraud.
- **Check stock security features**—Printed watermark on back, micro-print border, void pantograph and thermo-sensitive ink padlock on the check face are some of the many security features built into the check stock we use for check payables. These design features give another layer of risk and fraud protection.
- **Optional API integration**—The City can automate your payables process via an API. The U.S. Bank Check Payables API enables you to directly integrate your ERP to U.S. Bank, giving your A/P staff more time for other work and enhancing the visibility of your check processing.

Additional services will be priced at the time of implementation.

VI. Conversion Support:

1. Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

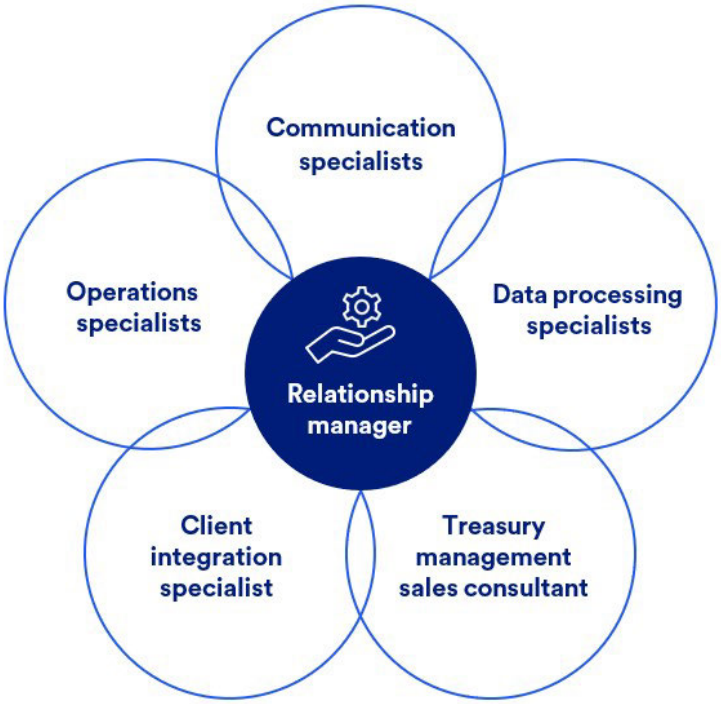
Please refer to **Attachment I.5, Sample Implementation Schedule**.

2. Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

We’ve designed a digital onboarding process to make your transition smooth and efficient. We spend the time and resources to build a solid foundation for a successful relationship between the City and U.S. Bank. As your dedicated business partner, we work to understand your organization and provide solutions to support your business needs. You can rely on our commitment, accessibility and responsiveness.

A seasoned team of experts, dedicated to your success

Your primary U.S. Bank contact is your relationship manager, Anna Milbach, who works with your U.S. Bank implementation team.



Client Integration specialist

- Plays a critical role in guiding the entire implementation process as your primary contact
- Distributes and obtains appropriate documentation
- Works closely with various departments within U.S. Bank
- Coordinates the technical team for system testing and training
- Their level of experience and commitment ensures an accurate and timely implementation

Treasury management consultant, Becky Holmquist

- Works with you to identify appropriate solutions to help your organization manage cash and improve efficiencies
- Keeps you informed of new or emerging technologies which may impact the way you do business

Treasury management sales analyst

- Works closely with Becky Holmquist to establish identified products and services

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Digital onboarding provides complete visibility of all your implementation activity – all within one location, SinglePoint. With the digital dashboard, next steps are quickly identified and your employees can easily collaborate to keep the process moving.

- We have simplified document exchange by enabling you to securely exchange sensitive bank information online
  - SinglePoint notifies you when your documents are ready to print, sign and upload
- Electronic signatures allow users to quickly and securely sign documentation, with no need for paper, printers and scanner
  - Prepopulated forms streamline completion
  - Notifications alert you when documents are ready, ensuring continuous progress

During implementation, your Client Integration Specialist and implementation team support your technical set-up. After implementation, the City may call CCS for technical support. If necessary, we escalate to the appropriate technical support team. Technical support is available until 7 p.m. CT.

A collaborative partnership to customize your implementation

Discovery meeting	We ensure we have an in-depth understanding of your workflows and related cash flows to appropriately finalize the solution set
Meeting your implementation team	Your dedicated team works with your employees throughout the process
Kick-off meeting	• Key stakeholders are introduced • Documentation can be presented for execution • Preliminary timeline is discussed and agreed upon
Implementation strategy	A comprehensive plan designed to achieve your specified production date
Weekly touch point meetings	We meet with your key stakeholders throughout the process to ensure benchmarks are on track and any issues are quickly resolved
Completing documentation via SinglePoint	• Onboarding Tracker facilitates file exchange as we establish accounts and integrate services (prepopulated forms streamline the process) • SinglePoint notifies you when documents are ready or require attention • Agreements and/or questionnaires are completed and received by your Client Integration Specialist, which marks the start of the service set-up

3. Discuss the level of support your institution would commit to facilitate the City's conversion.

Please see above.

4. Estimate the number of hours that would be required to complete the conversion.

Please refer to **Attachment I.5, Sample Implementation Schedule**.

5. **Estimate the City's cost of conversion. Fees associated with conversion support should be listed on Form No. 6E: Conversion Fee Schedule.**

Please refer to form 6E.

VII. Other:

1. **List the name of the designated account executive as well as an alternate. The designated account executive must have the authority to make timely decisions in the normal course of business on their own. Resumes must be provided for all key account executives designated to serve this account. Use Form No. 4: Resumes of Key Personnel.**

a. **Designated Account Executive contact information: Name, title, telephone number and email address.**

Anna Milbach
Government Banking Relationship Manager
[redacted]

b. **Alternate Account Executive contact information: Name, title, telephone number and email address.**

Becky Holmquist
Government Treasury Management Consultant
[redacted]

2. **Specifically discuss your approach to developing preliminary and final project plans.**

Please refer to **question VI.2**.

3. **Describe a written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.**

Please refer to **Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview**.

J.1. Form No. 6A: Banking Services Fee Schedule

Please refer to Exhibit A-1: Banking Services Volumes. These numbers represent the City's best estimate of the average volume and the City in no way guarantees these as minimum or maximum volumes.

I. Interest Rate Calculations

1. Interest Rate Paid on Available Balances %

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

2. Interest Rate Paid on Overnight Repurchase %

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

3. Describe Interest Rate Calculation:

Daily interest rate calculation

Note that the example below is NOT the rate being offered to the City but is just to demonstrate the formula and how it is calculated.

A sample daily interest calculation formula is:

$$\frac{\text{Rate} \times \text{Principal Amount}}{360}$$

How to calculate the daily interest:

- An account earns an interest rate of 1.75%
- A balance of $12,000,000 is swept at the end of the business day from checking to the investment account
  - Note: Balance = Collected balance less target balance
- The interest for one day is calculated as follows. Note that the rate must be divided by 100:
  - 0.0175 × $12,000,000 ÷ 360 = $583.33

Weekend interest rate calculation

During the weekend, interest is compounded for Saturday and Sunday which allows the customer to receive interest on their interest accrual. In order to calculate the correct interest for the weekend, Saturday's and Sunday's principal amounts must be calculated first, followed by the interest. On Monday, the principal amount will include the balance swept to the Investment on Monday night plus the interest accrued for Saturday and Sunday.

Saturday principal and interest calculation

A sample Saturday interest calculation is as follows where Saturday's principal = Friday's principal plus Friday's interest:

$$\frac{\text{Rate} \times (\text{Friday Principal Amount} + \text{Friday interest})}{360}$$

Sunday principal and interest calculation

A sample Sunday principal and interest calculation is as follows where Sunday's principal = Saturday's principal plus Saturday's interest:

$$\frac{\text{Rate} \times (\text{Saturday Principal Amount} + \text{Saturday interest})}{360}$$

Monday principal and interest calculation

A sample Monday principal includes the interest accrued for Saturday and Sunday and then the interest is calculated:

$$\frac{\text{Rate} \times (\text{Monday Principal Amount} + \text{Saturday interest} + \text{Sunday interest})}{360}$$

II. Include an itemized cost breakdown of the services you are proposing and the fees

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

J.2. Form No. 6B: Merchant Card Services Fee Schedule

Refer to Exhibit A-2: Merchant Card Services Volume for transactions and annual dollar amount estimates.

I. The costs and fees for PCI programs and compliance must be disclosed.

Please refer to **Attachment J.2, U.S. Bank Elavon Pricing Proposal**.

II. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

Please refer to **Attachment J.2, U.S. Bank Elavon Pricing Proposal**.

J.3. Form No. 6C: Purchasing Card Services Fee Schedule

Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

U.S. Bank does not charge an annual or monthly card fee. For a detailed list of fees and information regarding rebates, please refer to the following attachments:

- **Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal**
- **Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules**

J.4. Form No. 6D: Safekeeping Services Fee Schedule

Indicated the fees associated with safekeeping services.

U.S. Bank Money Center fee schedule

- [redacted]
  - [redacted]
- [redacted]
  - [redacted]
- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
- [redacted]
  - [redacted]
- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
  - [redacted]

Early withdrawal penalty

[redacted]

J5. Form No. 6E: Conversion Cost

Provide a breakdown of costs associated with conversion support.

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

J6. Form No. 6F: Total Cost

Overall total project cost to include all related costs associated with the proposed project or scope of services, to include but not limited to: Personnel, total hours, and service-related expenses.

Question	Response
Total Annual Cost, Form No. 6A: Banking Services	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Total Annual Cost, Form No. 6B: Merchant Card Services	$ See Attachment J.2, U.S. Bank Elavon Pricing Proposal
Total Annual Cost, Form No. 6C: Purchasing Card Services	$ See Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal and Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules.
Total Annual Cost, Form No. 6D: Safekeeping Services	$ See Form No. 6D.
Total Annual Cost, Form No. 6E: Conversion Cost	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Total Annual Cost (Form No. 6A, 6B, 6C, 6D & 6E)	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024

K. Form No. 7: Affidavit Of Compliance

To be submitted with Offeror's Proposal

We take exception to the RFP Documents/Requirements as follows:

Please refer to **Attachment K.7.1, U.S. Bank Exceptions and Clarifications to City of Springfield RFP 006-2024**.

FORM NO. 7: AFFIDAVIT OF COMPLIANCE

To be submitted with Offeror's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

X_____ We **TAKE** exception to the RFP Documents/Requirements as follows:

Please refer to U.S. Bank Attachment K.7.1, Exceptions and Clarifications to City of Springfield RFP 006-2024.

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this RFP unless otherwise stipulated herein.

Company Name: U.S. Bank N.A.

By: [redacted]
(Authorized Person's Signature)

Anna Milbach
(Print or type name and title of signer)

[redacted]
(Company Street/P.O. Box Address)

[redacted]
(City, State, Zip Code)

Telephone Number: [redacted]

Fax Number: Not applicable

Email: [redacted]

Federal Tax ID No.: [redacted]

Date: September 6, 2023

DBE Vendor (Yes/No): No

Minority Owned: ____

Women Owned: ____

Veteran Owned: ____

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

L. Form No. 8: Certification Regarding Potential Conflicts Of Interest

FORM NO. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST

The City's Charter, Sec. 19.16, prohibits any Council member or employee of the City from having a financial interest, direct or indirect, in any contract with the City and any member of a City board or commission from having a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he or she serves.

*****If the prohibition above is violated, the contract is void and the Council member, City board or commission member forfeits his or her office or the employee forfeits his or her employment*****

Vendor certifies that **(check all that apply):**

1. X No City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

2. X No spouse or dependent child of a City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

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3. ____ A City Council member or spouse is an employee, officer, partner, owner, etc., of vendor.

4. ____ A City employee or spouse is an employee, officer, partner, owner, etc., of vendor.

5. ____ A City board/commission member or spouse is an employee, officer, partner, owner, etc., of vendor.

If choosing 3, 4, or 5, please provide name of Council member, employee, board or commission member, or spouse:

_____

Vendor Certification:

I certify the information above is true and accurate.

[redacted]

Print Name: Anna Milbach

Title: Senior Vice President

Company: U.S. Bank N.A.

Please note whether the Charter is violated is fact specific. City staff will follow up with you for additional information.

Revised: BC: 6-6-2023
Reviewed by Law:

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M. Form No. 9: Certification Of Compliance With Section 34.600 Rsmo., Et Seq. (Anti-Discrimination Against Israel Act)

FORM NO. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)

Effective August 28, 2020

(Does not apply to contracts totaling less than $100,000.00, or fewer than 10 employees.)

I am Anna Milbach (name), and am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial one]

AM. I hereby certify that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, in accordance with the terms and conditions set forth in 34.600 RSMo., et seq.

or:

_____. The business employs less than 10 employees.

U.S. Bank N.A.

Company Name (List official name of Business Entity.)

[redacted]

Signature

Anna Milbach

Printed Name

Senior Vice President

Title

Revised: BC: 6-6-2023
Reviewed by Law:

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N. Affidavit, Work Authorization

Affidavit, Work Authorization Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)

U.S. Bank acknowledges and will meet this requirement prior to the issuance of a contract.

O. E-Verify Program's Memorandum of Understanding Electronic Signature Page

E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)

U.S. Bank acknowledges and will meet this requirement prior to the issuance of a contract. Please refer to **Attachment O.1, E-Verify MOU Signature Page**.

P. Form No. 10: Additional Services

Account Validation

U.S. Bank Account Validation offers one of the most powerful tools in mitigating fraud losses and transaction exceptions (e.g., rejects, administrative ACH returns). It serves as a last line of defense against fraud like Business Email Compromise (BEC) and payroll diversion. Account validation ensures the City is compliant with the Nacha rule that requires validation for the first time use of account information prior to initiating WEB debit transactions.

Evolving solutions to outpace fraud

Business Email Compromise and payroll diversion-related fraud schemes continue to result in significant losses each year. Account Validation helps you reduce fraud and payment exceptions by inquiring about account status or ownership with status information contributed by thousands of banks. With Account Validation, you can view:

- Status information for up to 85% of domestic bank accounts via the Early Warning National Shared Database
- Ownership information for up to 60-65% of domestic bank accounts

Account validation is offered in collaboration with Early Warning, the owner of the powerful National Shared Database of account information.

Vantage Point

The City may face many challenges with your receivables management processes. You receive multiple payment types, remittance information is sent separately or not at all, and there are different processes for applying different types of payments. U.S. Bank VantagePoint® is a centralized receivables management solution that will redefine how you manage and interact with your payments, data and images; all while streamline payment posting.

- Centralized client interface for receivables payments, leveraging the power of SinglePoint
- Customizable business rules and workflows quickly identify exceptions and route payments for review
- Upload invoice detail and/or supporting documents to transactions
- Reassociation of remittance data with the financial transaction (if separate)
- Strategic view of working capital cycle to enhance decision making

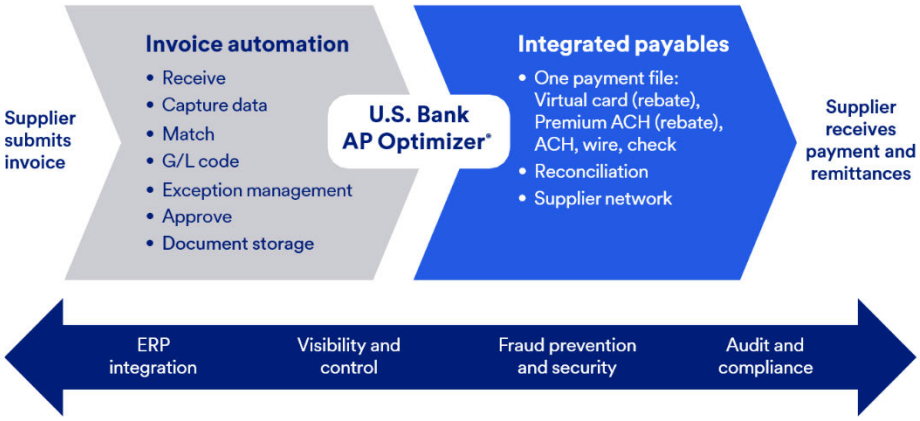
A simple and streamlined workflow

VantagePoint integration	VantagePoint delivers files	Actions for your A/R team
1. Maps remittance to payments 2. Matches invoices against A/R file 3. Links payer to transaction 4. Matches and augments payment 5. Identifies exceptions	You receive: • Closed transactions • Exceptions	1. Review and clear exceptions 2. Download posting file -or- automated transmission via API 3. Research payments 4. Act on reporting analytics

VantagePoint is highly configurable with an array of features you can use to benefit the City's operations. We will gladly provide a demonstration so you can see the possibilities and ask questions specific to your challenges and objectives.

AP Optimizer

You can completely automate your accounts payable (A/P) process, from invoice intake through approval, to payment and reconciliation. AP Optimizer is ERP agnostic and can integrate via multiple various protocols with minimal IT support, and it comes with a network of 500,000+ suppliers already accepting payment. Reconciliation is easy because all payments are disbursed through a single platform. You'll reduce fraud and see day-one improvements in process efficiencies, cost savings, higher rebates and complete payment control.



Reduce fraud across the payment spectrum

- Improve security and compliance with fraud prevention services, real-time reporting and a complete audit trail
- Convert paper documents and manual tasks into fraud-resistant, auditable workflows
- Prevent unauthorized access with stringent security protocols and technologies
- Protect sensitive information, transactions and accounts with secure storage of supplier payment accounts

The City will benefit from additional security, process control, digitization and cost savings – as you earn rebate on virtual card and Premium ACH. AP Optimizer:

- Allows automation of invoices and payments while facilitating disbursement and reconciliation of all electronic payment types
- Integrates via multiple various protocols with minimal IT support
- Significantly mitigates internal and external fraud while eliminating supplier account data storage risks
- Expedites ROI through a simple, fast implementation process – backed by the strength and stability of U.S. Bank

Outsourced check printing

U.S. Bank Check Payables is an efficient and secure solution to outsource the printing and mailing of paper checks, intended to reduce risk and improve fraud prevention.

- **Cost-effective process**—Outsourcing check printing reduces your check stock and storage expenses. With check payables, your internal administrative paperwork, processing time and staff expenses are also reduced.
- **Print and insert brochures**—You may request customized brochures be printed and placed in the mailing or pre-printed brochures can be included.
- **Shipping options**—Several shipping methods are available for each check produced: First Class mail, foreign mail, Federal Express or UPS. Checks can be mailed directly from our print location or can be sent to you for mailing.
- **Flexible formats**—We accept industry standards such as ANSI X12, BAI and XML, a standard flat file, and proprietary flat files. Files can be transmitted to us directly from you or your third-party data processor, such as a VAN. Alternately, checks may be individually keyed in or uploaded via a standard CSV format via SinglePoint Check Payables. This flexibility makes check payables easy to use.
- **Fraud prevention measures**—The same day checks are issued, a data file with checks issued information will automatically update positive pay and, if applicable, your account reconciliation system. This reduces your exposure to check fraud.
- **Check stock security features**—Printed watermark on back, micro-print border, void pantograph and thermo-sensitive ink padlock on the check face are some of the many security features built into the check stock we use for check payables. These design features give another layer of risk and fraud protection.
- **Optional API integration**—The City can automate your payables process via an API. The U.S. Bank Check Payables API enables you to directly integrate your ERP to U.S. Bank, giving your A/P staff more time for other work and enhancing the visibility of your check processing.

Additional services will be priced at the time of implementation.

Please refer to form No. 5, V.7.

Q. Form No. 11: Certification Of Signature Authority

FORM NO. 11: CERTIFICATION OF SIGNATURE AUTHORITY

I Anna Milbach (print name), am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial]

AM. I hereby certify that the signature on the contract document has the authority to sign contracts on behalf of the company and to legally bind the company in the execution of said contract documents.

U.S. Bank N.A.

Company Name (List Official Name of Business Entity)

[redacted]

Signature

Anna Milbach

Print Name

Senior Vice President

Title

Revised: BC: 6-6-2023
Approved by Legal:

R. Additional Agreements/Contracts

Please refer to the following attachments:

- **Attachment R.1, U.S. Bank Services Terms and Conditions**
- **Attachment R.2, U.S. Bank Master Services Agreement with Appendix A**
- **Attachment R.3, Your Deposit Account Agreement**

S. A sample copy of the bank's account analysis shall be submitted with your proposal.

Please refer to the following attachments:

- **Attachment S.1, U.S. Bank Sample Account Analysis**
- **Attachment S.2, Understanding Your Account Analysis**

T. PCI Certified (documentation of certification must be submitted with your proposal.

Please refer to **Attachment T.1, Elavon PCI Compliance**.

Elavon is a participating organization of the PCI SSC and a PCI Level 1 Compliant Service Provider.

Proof of PCI DSS compliance can be found by visiting usa.visa.com/splisting/splistingindex.html and searching for Elavon, Inc.

U. Submit copies of your firm's bond reports with your proposal.

Please refer to **Attachment U.1, U.S. Bank Safekeeping Sample Monthly Statement**.

V. Provide copies of recently published reports supporting at least two of the credit ratings.

Please refer to **Attachment V.1, U.S. Bank Credit Ratings**.

U.S. Bancorp continues to deliver consistent, predictable, repeatable, industry-leading financial results. Our disciplined business operations at all levels give us confidence in the commitments and decisions we make, allowing us to do what's right for our shareholders, customers and communities. We have a proven track record of success, including debt ratings that are among the highest in the banking industry. We are

focused on being the most trusted choice, creating the future now, driving one U.S. Bancorp and striving for simplicity to honor our commitment to strengthen financial futures together.

We are rated by the credit rating agencies Moody's, Standard & Poor's (S&P), Fitch and DBRS.

Our debt ratings are available at: ir.usbank.com/investor-relations/financial-information/credit-ratings.

W. Submit copies of the last two fiscal years' financial statements.

Please refer to the following attachments:

- **Attachment W.1, U.S. Bancorp Annual Report 2021**
- **Attachment W.2, U.S. Bancorp Annual Report 2022**

The U.S. Bancorp Annual Report, which includes three years of financial statements, is available at ir.usbank.com/investor-relations/financial-information/annual-reports.

Call reports

Call reports are available at ir.usbank.com/investor-relations/financial-information/reports.

10-Q

U.S. Bancorp 10-Q reports are available by selecting Quarterly Filings from the drop-down menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

10-K

U.S. Bancorp 10-K reports are available by selecting Annual Filings from the drop-down menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

Part IV: Insurance Requirements

Without limiting any of the other obligations or liabilities of the Service Provider, the Service Provider shall secure and maintain at its own cost and expense, throughout the duration of this Contract and until the work is completed and accepted by the City, insurance of such types and in such amounts as may be necessary to protect it and the interests of the City against all hazards or risks of loss as hereunder specified or which may arise out of the performance of the Contract Documents. The form and limits of such insurance, together with the underwriter thereof in each case, are subject to approval by the City. Regardless of such approval, it shall be the responsibility of the Service Provider to maintain adequate insurance coverage at all times during the term of the Contract. Failure of the Service Provider to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under the Contract Documents.

The certificates of insurance, including evidence of the required endorsements hereunder or the policies, shall be filed with the City within ten (10) days after the date of the receipt of Notice of Award of the Contract to the Service Provider and prior to the start of work. All insurance policies shall provide thirty (30) days written notice to be given by the insurance company in question prior to modification or cancellation of such insurance and shall list the City as an additional insured and shall be accompanied by the policy's endorsements adding the City as an additional insured. Such notices shall be sent via email to purchasingquotes@springfieldmo.gov, faxed to 417-864-1927, or mailed to:

City of Springfield, 218 E. Central, Springfield, MO 65802

As of January 1, 2022, the minimum coverage for the insurance referred to herein shall be as set out below:

A. Workers' Compensation: Statutory coverage per RSMo 287.010 et seq

Employer's Liability: $1,000,000.00

[redacted]

B. Commercial General Liability Insurance, including coverage for Contractual Liability and Independent Contractors Liability. Such coverage shall apply to bodily injury and property damage on an "Occurrence Form Basis" with limits of at least Three Million and no/100 Dollars ($3,000,000.00) for all claims arising out of a single accident or occurrence. Service Provider agrees that the proceeds of such insurance policy shall first be used to pay any award, damages, costs, and/or attorney fees incurred by or assessed against City, its employees, officers and agents, before payment of any award, damages, costs or attorneys' fees of Service Provider, its employees, officers or agents. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy, including the City as an additional insured for coverage under its products-completed operations hazard, and said policy shall be primary and noncontributory.

[redacted]

C. Automobile Liability Insurance: Covering Bodily Injury and Property Damage for owned, non-owned and hired vehicles with limits of Three Million and no/100 Dollars ($3,000,000.00) for

all claims arising out of a single accident or occurrence. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy.

D. Directors' and Officers' (D&O) Liability Insurance with an errors and omissions, and fraud clauses with a minimum limit of Five Million Dollars ($5,000,000.00).

E. Professional Liability: Technology Errors & Omissions insurance will be carried with a limit of at least One Million Dollars ($1,000,000.00) per occurrence or glitch. Such coverage shall include content/intellectual property coverage, and security/identity theft coverage. If insurance is written on a claims-made basis, vendor must maintain continuous coverage with a retro-active date prior to the effective date of the contract.

F. Network Security (Cyber) and Privacy Liability: Network Security (Cyber) and Privacy Liability insurance will be carried with a limit of at least One Million Dollars ($1,000,000.00) per occurrence and at least Two Million Dollars ($2,000,000.00) for each claim annual aggregate.

Such insurance shall include, but not limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include loss of use, breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Service Provider warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

G. Business Continuity Plan: Contractor must have a Business Continuity Plan. Describe the plan you currently have in place, as well as the process you have in place for safekeeping of all documents.

H. Subcontracts: In case any or all of this work is sublet, the Service Provider shall require the subcontractor to procure and maintain all insurance required in subparagraphs (A), (B), (C), (D), (E), (F) and (G) hereof and in like amounts. Service Provider shall require any and all

subcontractors with whom it enters into a contract to perform work on this project to protect the City of Springfield through insurance against applicable hazards or risks and shall, upon request of the City, provide evidence of such insurance.

[redacted]

I. **Notice: The Service Provider and/or subcontractor shall furnish to the City prior to beginning the work, satisfactory proof of carriage of all the insurance required by this contract, with the provision that policies shall not be canceled, modified or non- renewed without thirty (30) days written notice to the City of Springfield. The thirty (30) day cancellation notice is required to be identified on the submitted Certificate of Insurance (COI).**

[redacted]

City of Springfield RFP 006-2024 Letter of Transmittal

Understanding your needs

The City of Springfield (the City) needs a provider of comprehensive banking solutions with bench strength in both treasury services and with large municipalities and governments. The City can leverage our experience, our presence in Springfield and our understanding of your operational complexities and challenges. Your U.S. Bank team will deliver innovative processes, consistent service and financial stability.

Meeting your goals

Your U.S. Bank team stands ready to meet you where are today. Given the multi-year contract term proposed, our continued investment in a wide range of products and integrated delivery systems position us as a solid partner for the City's future as well. We are ready to examine the City's operations in a manner that facilitates more automation into daily processes. In addition, we help the City identify operational changes to make the biggest efficiency gains. We work with you to prioritize and achieve the greatest process improvements in the shortest amount of time.

Providing the right deposit and investment options

We are in a rapidly changing market environment. Your U.S. Bank team is committed to helping you achieve your objective of maximizing the earnings on your deposits. The checking accounts proposed would require very little management. The balances provided would more than cover the fees and excess interest earnings would be paid directly to you. Based on the average balance of $59 million provided by the City and our estimation of service volumes, the City would net around $190,000 per month in interest.

In addition, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

U.S. Bank is currently offering the following bank managed rates to the City as of August 14, 2023:

- U.S. Bank Money Market Deposit Account at a rate of 4.50%
- Intra-Fi Cash Service (ICS) at a 5.00%
  - ICS utilizes a group of participating banks, all of which take a position under the FDIC limit which means the City's full deposit in ICS would be FDIC-insured
- Commercial Paper either through a sweep, SinglePoint Investment module or by moving funds manually at a 5.10%
  - The sweep can be on the main operating account or another account
  - To comply with Missouri's restrictions regarding the maximum investment in Commercial Paper for a government, U.S. Bank sweeps can have both a peg and a ceiling
    - A peg provides a certain dollar threshold to determine how much is swept and what remains in the account. As an example, with a $2 million peg balance, the sweep would sweep all funds over $2 million

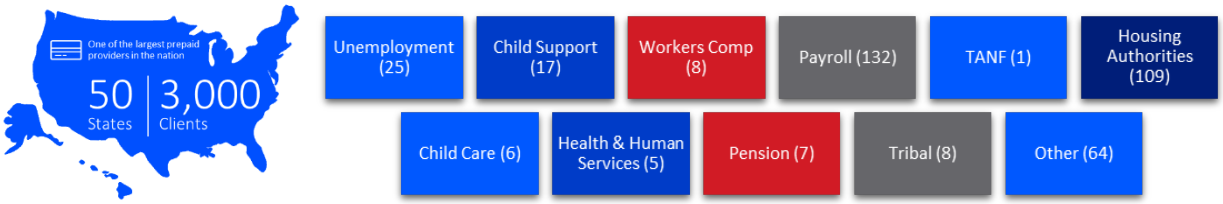
– A ceiling would max out the amount of funds swept. If the City established a $2 million peg balance and $10 million ceiling for the sweep amount, an account with a $15 million balance would sweep $10 million

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

Continued investment in prepaid card products

As a leader in the prepaid industry for nearly two decades, U.S. Bank is adept at helping our clients determine the right payment solution. We have a wealth of experience serving clients of all sizes and across numerous industries. We currently partner with more than 3,000 clients including 382 state agencies in 47 states/districts to distribute funds via electronic payment cards.



We are an industry-leader and have extensive experience in payments, but our expertise doesn't stop with one card program. Prepaid is a strategic focus for the U.S. Bank Payments business with scale and experience to meet even the most complex disbursement needs. Our wholly owned processing platform, FSV Payment Systems, is used by 40% of the top prepaid issuers and processes more than $50 billion in loads annually to more than 2 million cardholders. Our team of more than 400 prepaid professionals provide outstanding support to our 3,000+ corporate and government clients.

Purchasing cards designed for the public sector

U.S. Bank has been providing commercial card and Virtual Pay products and services to the City since 2019, allowing the City to successfully procure, purchase and travel. As the City has expanded its program needs, we've been there as a trusted partner and the City's program has doubled since its inception in 2019.

Fully owned merchant processor, Elavon

Elavon has been a leader in processing payments for more than 30 years, leveraging the world's best technologies for our customers, from large worldwide enterprises to locally owned small businesses. We extend powerful payment solutions for all payment types and processing environments, ensuring that your business, whatever the size, remains well connected.

Elavon's Global Acquiring Solutions organization (formerly known as NOVA Information Systems in the U.S. and euroConex in Europe) was founded in 1991. Elavon, Inc. is headquartered in Atlanta, Georgia and maintains sales offices in major cities nationwide. Elavon's primary U.S. operations facilities are located in Knoxville, Tennessee and Englewood, Colorado. In July 2001, Elavon became a wholly owned subsidiary of U.S. Bank.

Superior team support with experience serving the public

Your relationship team, led by Anna Milbach, demonstrates the breadth and depth of experience that shape your daily interactions with us. With Becky Holmquist, your treasury management consultant, they guide our relationship-based service model, leading a team whose background, perspective and understanding of government operations bring invaluable insight to your program.

Not only do we specialize in banking government entities, but our Government Banking division employees have previous experience working in a variety of state and municipal offices. With an average tenure of more than 28 years, the U.S. Bank Government Banking team provide their diverse expertise and understanding of a government's detailed and specific requirements. The City can expect ongoing consultation on best practices, emerging technologies, changing regulations and other factors that may affect your banking services.

Excellence in service and implementation resources

The City can rely on our commitment to a superior client experience. Your implementation is executed against a detailed plan and managed in tandem with the City. Becky Holmquist initiates implementation with the support of a dedicated, experienced Client Integration specialist dedicated to serving government clients. Your team helps guide each assigned task to completion and confirms that each component of your plan functions with efficiency and accuracy. They ensure a smooth transition as they partner with relevant product lines and support teams.

After a successful implementation, the City employees will work with a dedicated Commercial Customer Service team. Highly skilled and extensively trained service staff respond to both routine and complex inquiries through online access to our systems and product databases.

Community commitment

U.S. Bank is committed to the City. This is evidenced by the five branches we have along with our recent partnership with the Downtown Springfield Association to provide both financial resources and assistance to help five Black, indigenous and people of color (BIPOC) business owners open a business downtown.

More than a bank, we're part of Missouri

We live and work here		We support business	
1M	Total customers	78K	Business customers[1]
5K	Employees	32	Small Business Administration (SBA) loans[2]
152	Branches	$3M	SBA approved loan total[2]
381	ATMs		

We invest in the community

$10.8M	U.S. Bank Foundation and corporate giving[3]
$342K	In community development loans and investments to low-and-moderate-income communities[3]
50K	Volunteer hours[3]

Outstanding

rating received by U.S. Bank from the most recent Community Reinvestment Act (CRA) exam[4]

We make an ongoing effort to be a good neighbor, an involved civic citizen and a caring public partner through financial support and employee volunteerism.

Choose U.S. Bank

Finally, as the City examines the enclosed offer in detail, consider the strength and dedication that position U.S. Bank to deliver the proposed banking services. The City benefits greatly from our ability to focus on perfecting financial functions for our clients. Our business model, operating philosophy and financial strength allow us to allocate significant resources, both in dollars and technology, toward the enhancement and development of products and services.

The City will partner with the financial institution most capable of providing the highest level of service at the lowest cost. Our proposal delivers on that objective by offering minimized bank costs and a path to improved operational efficiency. We are confident you will find our focus on your long-term success unmatched and look forward to our future partnership.

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

ADDENDUM #1

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

REQUEST FOR PROPOSAL (RFP) #006-2024

FOR: BANKING SERVICES

Denise Neuleib, Buyer
Email: dneuleib@springfieldmo.gov
Phone: 417-864-1624

Date Issued: August 23, 2023
***REVISED DUE DATE*: WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M.**

The original **Request for Proposal #006-2024** for **BANKING SERVICES** documents shall remain in effect except as revised by the following changes, which shall take precedence over anything to the contrary in the specifications.

Please Note: The format of this addendum document will detail questions asked, answers provided, clarifications and statements made and will be denoted as follows: Q = Question, A = Answer, C = Clarification and S = Statement

S1 = The original solicitation document for **Request for Proposal #006-2024** had an original closing date and time of Friday, August 25, 2023 by 3:00 P.M. (CT). **The bid opening date has been extended until WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M. (CT).**

S2 = The following exhibits have been added to RFP #006-2024:

Exhibit A-4: Account Balance and Interest Rate Information
Exhibit A-5: Investment Summary

U.S. Bank has received and acknowledges City of Springfield RFP # 006-2024 Addendum 1.

[redacted]

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

Denise Neuleib, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: July 28, 2023
Buyer's Email: dneuleib@springfieldmo.gov
Telephone Number: 417-864-1624

REQUEST FOR PROPOSALS (RFP) #006-2024

TITLE-SIGNATURE PAGE

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following:

BANKING SERVICES

PROPOSALS MUST BE UPLOADED INTO THE DEMANDSTAR E-BIDDING SYSTEM PRIOR TO 3:00 P.M. (CDT) ON FRIDAY, AUGUST 25, 2023. Proposals will be read aloud publicly at the specified closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222.*

- Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.
- Proposals received after the opening date and time shall not be considered.
- The attached Terms and Conditions shall become part of any contract resulting from this bid.
- The cutoff for any questions pertaining to this RFP is **August 10, 2023 at 12:00 P.M. (CDT)**. Any questions shall be submitted in writing to the buyer identified above.
- *HAND DELIVERED, FAXED, OR EMAILED PROPOSALS WILL NOT BE ACCEPTED.*

The undersigned certifies that he/she has the authority to bind this company in a contract to supply the service or commodity in accordance with all terms and conditions specified herein. Please type or print the information below.

Respondent is REQUIRED to complete, sign, and return this form with their submittal.

NOTE: ***All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified below. If your business is exempt, the exemption number should be referenced below, in lieu of a charter number.***

Company Name	Authorized Person (Print)
Address	Signature
City/State/Zip	Title
Telephone # Fax #	Date Tax ID #
Email	State of Missouri Charter Number or Exemption Number

Revised: BC: 6-6-2023
Reviewed By Law:

RETURN THIS PAGE

LEGAL NOTICE:
REQUEST FOR PROPOSAL NUMBER 006-2024

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following: **Banking Services**.

VENDOR NOTE 1: To register with DemandStar go to: https://www.demandstar.com/registration

VENDOR NOTE 2: For information on how to navigate DemandStar go to: http://network.demandstar.com/wp-content/uploads/2021/01/DemandStar-Supplier-User-Guide.pdf

VENDOR NOTE 3: If you have issues registering or uploading a proposal, please contact DemandStar toll-free at (866) 273-1863. DemandStar office hours are 8:00 A.M. to 7:00 P.M. (CDT) Monday through Friday. You can also contact the Division of Purchases at (417) 864-1620 or the Buyer stated on the Title-Signature Page of this solicitation document between the hours of 8:00 A.M. to 5:00 P.M. (CDT), Monday through Friday.

It is strongly recommended that vendors register with DemandStar as soon as possible to ensure your ability to provide a response to this solicitation by the due date and time. If you have any issues with DemandStar setup or navigation call (206) 940-0305.

Proposals must be received electronically in the City's e-bidding service provider DemandStar by 3:00 P.M. (CDT) on FRIDAY, AUGUST 25, 2023. The name of the Offerors will be read aloud publicly at the specified proposal closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222*.

The City is committed to providing opportunities to DBE, MBE, and WBEs and encourages such business enterprises to submit a response to this solicitation.

RFP documents and any addendums are available via the following methods:

1. By accessing the City's e-bidding service provider DemandStar at https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029

2. By accessing the Purchasing Division's webpage https://www.springfieldmo.gov/bids.aspx

For any contract for services greater than $5,000, the successful offeror shall comply with § 285.530, RSMo., as amended, and (1) provide by sworn affidavit affirmation that it does not knowingly employ any person who is an unauthorized alien and (2) provide documentation affirming its enrollment and participation in a federal work authorization program with respect to the employees working in connection with this contract. The required documentation affirming enrollment must be from the federal work authorization program provider. A letter from the Offeror reciting compliance is not sufficient. The signed and notarized Work Authorization Affidavit and the Electronic Signature Page from the E-Verify program shall be provided prior to the issuance of a contract.

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EXHIBITS

Exhibit A-1: Banking Services Volumes
Exhibit A-2: Merchant Card Services Volumes
Exhibit A-3: Service Provider Written Agreement for PCI DSS Compliance

LINKS

The City's annual financial report for the year ended June 30, 2022 is located at the following link: 2022-ACFR (springfieldmo.gov)
The City's annual operating budget for fiscal year 2023-2024 is located at the following link: Budget Home (opengov.com)

PART I
DESCRIPTION OF PROJECT AND SERVICES REQUIRED

1.0 INTRODUCTION/DESCRIPTION OF PROJECT/SERVICES:

The City of Springfield, Missouri ("the City") is seeking proposals from qualified financial institutions to provide depository and other banking services. A contract will be issued in the form of a one (1) year term contract, with the option to renew the contract for four (4) additional one-year terms.

This Request for Proposal (RFP) is divided into four parts: Banking Services, Merchant Card Services, Purchasing Card Services and Safekeeping Services. An Offeror may bid on all or any combinations of services. The intent of this RFP is to provide a standard format to enable the City to evaluate the services. Use FORM NO. 5: PROJECT APPROACH NARRATIVE to provide a complete response to all questions in the same order as presented in the RFP.

1.1 Description of Operations or Background:

The City of Springfield is currently using Central Bank of the Ozarks for banking, merchant card, and safekeeping services and US Bank for purchasing card services including virtual card capabilities. Each bank has been on contract in the current capacity since 2018. The contracts with Central Bank of the Ozarks and US Bank have no one-year renewals remaining which is why we are asking for proposals at this time.

- For average volumes and balances refer to Exhibit A-1 for Banking Services and Exhibit A-2 for Merchant Card Services.
- The City's annual financial report for the year ended June 30, 2022 is located at the following link: 2022-ACFR (springfieldmo.gov)
- The City's annual operating budget for fiscal year 2023-2024 is located at the following link: Budget Home (opengov.com)

2.0 SCOPE OF SERVICES:

2.1 BANKING SERVICES:

2.1.1 Collateralization of Account Balances:

All City funds on deposit **must** be collateralized at all times. The City requires the Service Provider to pledge to the City of Springfield government securities equaling 103% of total deposits in excess of the current FDIC limits. The types of securities that may be pledged are listed below. It is anticipated the maximum amount of securities to be pledged would not exceed $50 million. The Service Provider is required to provide the City a monthly report of collateral pledged and the market value within five (5) business days of the end of each month.

Excerpt from the City of Springfield, MO City Charter:

Section 19.13. Security of deposits.

The council shall require all funds of the City in any city depository to be adequately secured in an amount satisfactory to the council by the following types of securities:

(a) Obligations of the United States, the State of Missouri, this city, or:

(b) In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or:

(c) In revenue bonds of this city.

Adopted by vote of the people on June 11, 1974.

2.1.2 The City of Springfield uses Oracle R12 enterprise resource planning system.

2.1.3 Account Information:

2.1.3.1 All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained. The City maintains the following accounts listed below.

1) **General Disbursement Account** – Most receipts are deposited into this account. Accounts payable checks and disbursements, other than payroll, are cleared through this account. Accounts payable disbursements are made via manual check, ACH NACHA files, standalone ACHs, and wires. This account maintains an average balance of $35 million. **The City requires positive pay on this account matching both the check number, payee, and the dollar amount for the accounts payable account.** This account requires the ability to deposit checks electronically in addition to in-person.

2) **Payroll Account** – City employees are paid from this account every two weeks in addition to two retiree payrolls at the end of each month. All payroll related ACH transactions and checks are cleared through this account. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements. **The City requires positive pay on this account matching both the check number, payee, and the dollar amount for the payroll account.** Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

3) **Health Insurance Account** – The third-party administrator of the City's Health Insurance fund uses this account to disburse funds for payment of claims. It is funded by transfers from the General Disbursement Account as well as occasional deposits.

4) **Police Department Accounts (3)** – These accounts are used to disburse funds for various divisions of the Police Department. They utilize manual checks. They are funded by transfers from the General Disbursement Account as well as occasional deposits.

5) **Workers Compensation Insurance Account** - The third-party administrator of the City's Workers Compensation Insurance Fund uses this account. Funds are disbursed from this account to pay claims. It is funded by transfers from the General Disbursement Account as well as occasional deposits.

6) **Workforce Development** – This is a zero-balance account with transfers made from the general disbursement account. These disbursements are primarily used to cover the cost of bank cards that are given to participants to cover expenses such as transportation and other job search expenses. We require a method of issuing monies on bank cards to enrolled participants.

7) **Airport Account** – This account is used by the Springfield-Branson National Airport as a depository of funds for merchant card activity and daily deposits. ACH and wire transfers also clear through this account. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements. This account requires the ability to deposit checks electronically in addition to in-person.

8) **Municipal Court Bond Fund** – Cash bonds held by the Municipal Court are deposited and refunded from this checking account.

9) **Municipal Division** – This account is used by the Springfield Municipal Court for deposits and disbursements for the Show-Me Courts transactions. It utilizes manual checks. It is funded by deposits and transfers from the General Disbursement Account. **The City requires positive pay on this account matching the check number, payee, and the dollar amount for the municipal division account** .

10) **HUD Accounts (2)** – These accounts are used for the collection and disbursement of loan programs administered by the Planning and Development Department.

11) **Bank Card Account** – The City maintains a bank card account for daily deposits or withdrawals of merchant card activity. This is a zero-balance account with automatic transfers made daily from the general disbursement account for amounts sufficient to cover the disbursements.

12) **Cardinals Accounts (2) –** These accounts are used to deposit and disburse funds in relation to the City's ownership of Hammons Field. They utilize manual checks in addition to wires and ACHs. Third-party administrators require access to these accounts.

13) **Crisis Fund Account –** This account is used to disburse manual checks as needed. It is funded by transfers from the general disbursement account as well as occasional deposits.

2.1.3.2 The City requires all transactions be available on the online banking website within twenty-four (24) hours.

2.1.3.3 The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

2.1.4 Deposits:

The City collects cash, coin and checks at several locations. Deposits are made periodically throughout the day, after hours and on weekends.

2.1.4.1 The bank must provide disposable tamper proof bags for each after-hours depository. Deposit slips must be coded by location to assist with reconciliation.

2.1.4.2 Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

2.1.4.3 Provide a map of Springfield showing the location of branch offices. Indicate which branches have a night depository. Indicate the location of the vault operations.

2.1.4.4 Provide a deposit availability schedule.

2.1.5 Check Clearing:

2.1.5.1 Describe the process for handling returned checks.

2.1.5.2 Describe the stop payment and voided check procedures.

2.1.5.3 How long are stop payments effective?

2.1.5.4 Are stop payments automatically extended?

2.1.5.5 Describe the City's liability exposure for fraudulent checks.

2.1.6 Online Banking Services:

The City requires the successful Service Provider to provide online banking services and software. Provide a description and examples of the bank's software products and services. The software should be web-based and include security measures to ensure protection of the City's information. At a minimum, the City requires the following online banking services.

2.1.6.1 Current day balance and activity;

2.1.6.2 Daily balance reporting (ledger, available, collected) available by 8:00 a.m. the following business day;

2.1.6.3 Detailed debit and credit postings including sender and receiver information;

2.1.6.4 Initiation of internal account to account transfers;

2.1.6.5 Initiation of wire transfers;

2.1.6.6 Initiation of ACH debit and credit transactions;

2.1.6.7 Placement of stop payment and/or void orders;

2.1.6.8 Multi-level security for various City staff (e.g., inquiry only vs. full system administrator rights);

2.1.6.9 Fees associated with online banking services should be listed on FORM NO. 6A: BANKING SERVICES FEE SCHEDULE.

2.1.6.10 Describe reporting capabilities and provide examples.

2.1.6.11 Describe security features such as multi-factor authentication and audit logs.

2.1.6.12 What are the cutoff times for wires, ACHs, and transfers?

2.1.6.13 Are wire and ACH templates available?

2.1.6.14 Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

2.1.6.15 Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

2.1.6.16 What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

2.1.7 Wire Transfers:

2.1.7.1 The City prefers the ability to execute wire transfers either by phone or online at the option of the City.

2.1.7.2 The bank must execute all wire transfers within one hour after notification by the City whether originated online or via phone. Wire transfers ordered but not received by the destination party by 5:00 p.m. CST will be traced by the bank from origin to destination to ascertain the party responsible for delaying the transfer. If necessary, adjustments will be made for any lost interest or charges resulting from a "fail to consummate an investment transaction".

2.1.7.3 State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

2.1.7.4 Describe security features your bank has in place to ensure the integrity of your wire transfer system.

2.1.7.5 Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

2.1.8 ACH Transactions:

The bank must be both a sending and receiving bank on the Automated Clearing House system to accommodate payroll direct deposit, accounts payable file transactions, and other payments along with incoming receipts to the City. The City requires the ability to place a filter on incoming and outgoing ACH payments.

2.1.9 Monthly Statements:

Monthly bank statements for the full calendar month must be available the next business day on the banking website.

2.1.10 Account Analysis:

If fees are charged, the City prefers to pay for banking services on a fee basis rather than compensating balances. The bank shall provide a monthly account analysis report, which shall be delivered to the City no later than 10 business days after the end of the month. The account analysis shall contain a detailed itemization of charges by type and volume. The monthly fee may be debited against the City's account. **A sample copy of the bank's account analysis shall be submitted with your proposal.** The City's current agreement is a no-fee agreement.

2.1.11 Electronic Deposit:

The City utilizes remote electronic deposits for checks in two locations – the Busch Municipal Building and the Springfield-Branson National Airport. Provide a brief description of the service available. Address the following items:

- All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.
- Provide information on cut-off times and availability.

2.1.12 Pay Cards:

The City utilizes two types of pay cards – one for employees to receive their full or partial biweekly payroll and one for Workforce Development program participants to utilize. These cards must be no cost for the cardholder to use as debit cards and at select ATM machines. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs. The City needs online access to enroll members in these programs and the ability to provide member support.

2.1.13 Potential Service Modifications:

Use FORM NO. 10: ADDITIONAL SERVICES. Provide information on additional services offered.

2.2 <u>MERCHANT CARD SERVICES</u>:

The City processes credit and debit card charges on-site at approximately 20 separate locations. The City also collects debit, credit, and ACH payments/e-checks online from customers for various permits and services. The Service Provider related to merchant card services must provide the following requirements outlined below.

2.2.1 Scope of Services:

2.2.1.1 Process Visa, MasterCard, Discover and American Express branded credit/debit card charges by our customers at each respective location (pay on-site).

2.2.1.2 Provide the ability and resources to allow electronic payment (pay online) processing technology for each branded credit/debit card source noted above as well as electronic check payments. The City currently utilizes CivicPlus for the form portion of online payments. There is a link on the form that takes the user to the payment platform.

2.2.1.3 Refer to **Exhibit A-2: Merchant Card Services Volume** for transactions and annual dollar amount estimates.

2.2.2 Functionality & Certifications:

2.2.2.1 PCI Certified (documentation of certification must be submitted with your proposal).

2.2.2.2 The provider must provide documentation of PCI certification on an annual basis.

2.2.2.3 The provider must sign a written agreement as required by the current PCI Data Security Standards and must update the written agreement as required by future changes to PCI standards. Refer to **Exhibit A-3: Service Provider Written Agreement for PCI DSS Compliance** for a sample agreement.

2.2.2.4 The provider must provide a platform for completing annual PCI compliance questionnaires and quarterly network scans.

2.2.2.5 The costs and fees for PCI programs and compliance must be disclosed.

2.2.2.6 All fees must be processed as a separate transaction and not embedded in total amount paid.

2.2.2.7 A confirmation number must be provided for each successful online payment.

2.2.2.8 Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

2.2.2.9 Financial reports of all payments are to be available online no later than one business day after the transaction date.

2.2.3 Payment Processing:

2.2.3.1 All technology should provide settlement processing with the City's depository bank. Currently, the City has an existing relationship with Central Bank of the Ozarks.

2.2.3.2 All payments must post to the City's bank account as a single daily deposit.

2.2.4 Training, Support, & Experience:

2.2.4.1 Provide necessary user training.

2.2.4.2 Provide live support services during City's normal business hours.

2.2.5 Rates Disclosure & Other Items to Address:

2.2.5.1 All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

2.2.5.2 Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

2.2.5.3 Identify guarantees against down time.

2.2.5.4 How are chargebacks and disputed charges handled?

2.2.5.5 What type of equipment and data transmission lines are required?

2.2.5.6 What specific information is required of the City to complete the set-up process?

2.2.5.7 What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

2.2.5.8 What is the process for adding new on-site or online payment locations?

2.2.5.9 What is the process for adding or replacing equipment?

2.2.5.10 Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

2.3 PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES:

The City of Springfield has issued over 800 purchasing cards to City employees with annual spend of approximately $11 million a year. The City of Springfield implemented virtual card payments for accounts payable transactions last year and made approximately 600 vendor payments.

The City of Springfield currently receives monthly statements and pays once a month. Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

The Service Provider must provide the services outlined below.

2.3.1 Provide a complete purchasing card program. This includes software, set-up, technical support, administrator/user manuals and assistance in the implementation of this program.

2.3.2 Provide technical support to convert the database if necessary.

2.3.3 Provide a line of credit to the City of Springfield with individual cardholder limits established by the City of Springfield and enforced by the Service Provider's blocking controls.

2.3.4 Ability to block certain transactions based on the MCC code.

2.3.5 Provide individual credit card account numbers for each employee cardholder, which are subsidiary to the City of Springfield's parent account.

2.3.6 Capture data from the transactions made with the purchasing card.

2.3.7 Electronically transmit data received from the vendors to the City on a weekly basis. The data must be received in VCF format.

2.3.8 Maintain the confidentially of employee cardholder's names, addresses, and any other sensitive information.

2.3.9 Other services offered by the provider should be specified in the proposal with the related fees for the services.

2.3.10 Online administration ability.

2.3.11 Ability for cardholders to view their credit limits and other activity online.

2.3.12 Replacements for lost or stolen purchasing cards must be sent via Fed Ex or UPS to the City of Springfield within three business days.

2.3.13 The purchasing card program and all related reports and correspondence must be PCI compliant.

2.3.14 Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.

2.3.15 Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

2.4 SAFEKEEPING SERVICES:

The City of Springfield has an investment portfolio, which holds government and agency marketable securities purchased through banks and brokers.

The following safekeeping services are required:

2.4.1 Provide security safekeeping of City Government securities. Securities must be identified, segregated, and maintained in the City's name. City of Springfield securities may not be pooled or held in street name.

2.4.2 Provide monthly bond reports no later than the second working day following the end of the month showing amortization, interest accrual, book value, and market value. **Submit copies of your firm's bond reports with your proposal.** In addition, indicate any enhancements that are under consideration.

2.4.3 Provide capability to pledge securities through the Federal Reserve to other institutions.

2.4.4 Provide written confirmation of all account transactions.

2.4.5 What are your cutoff times to settle investment transactions?

2.5 OVERALL SERVICES:

2.5.1 The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

2.5.2 The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

2.5.3 Secured email service provided by the bank or provider is required.

2.5.4 Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

2.5.5 What differentiates your service and/or products from other providers?

2.5.6 Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

2.5.7 How do you plan to keep your products/services current and competitive?

2.5.8 Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

3.0 CONVERSION SUPPORT:

In the event a new Service Provider for banking services is selected, most banking related activities would require modification. This may include but not be limited to training staff, providing manuals, installing new hardware and/or software and ensuring data is compatible between the City's financial management system and the Service Provider.

3.1 Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

3.2 Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

3.3 Discuss the level of support your institution would commit to facilitate the City's conversion.

3.4 Estimate the number of hours that would be required to complete the conversion.

3.5 Estimate the City's cost of conversion.

4.0 ADDITIONAL AGREEMENTS: If applicable, any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract. This includes but is not limited to Electronic Business Services Agreements, Automated Clearing House Service Operating Agreements, Agreements on Intent, Bank Bag Deposit Service Agreements, Stored Value System Agreements, Commercial Account Agreements, Safekeeping Agreements, etc. that are required by the Service Provider to perform the services specified herein.

5.0 TENTATIVE TIMELINE:

5.1 Tentative Timeline for RFP Process: The tentative timeline listed below is the City's estimation of time required to complete the RFP process. All efforts shall be made to abide by this schedule, but it may change due to different circumstances.

Post RFP Notification	July 28, 2023
Question Cutoff date	August 10, 2023 at 12:00 P.M. (CDT)
Receive Proposals	August 25, 2023 at 3:00 P.M. (CDT)
Meet to review	week of September 11 or September 18, 2023
Interviews	week of September 25 or October 2, 2023
Notice of Recommendation for Award	week of October 16, 2023
Notice to Proceed	December 1, 2023

PART II

STANDARD INSTRUCTIONS TO OFFERORS AND CONDITIONS OF REQUEST FOR PROPOSAL

1.0 PREPARATION OF PROPOSALS:

1.1 By submitting a proposal, the Offeror certifies that he has fully read and understands the proposal method and has full knowledge of the scope, nature and quality of the work to be performed.

1.2 All proposals submitted shall be binding for one hundred twenty (120) calendar days following the opening.

1.3 The City of Springfield does not pay federal excise and sales tax on direct purchases of tangible personal property. Missouri tax ID #12493651.

2.0 SUBMISSION OF PROPOSALS:

A proposal submitted by an Offeror must (1) be manually, electronically or digitally signed by the authorized agent of the Offeror on the Division of Purchases Request For Proposal Affidavit of Compliance form; (2) contain all information required by the Request For Proposal; (3) be priced as required; (4) be uploaded into the City's e-bidding service provider, DemandStar no later than the exact time and date specified in this Request For Proposal via the following link: https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 (5) include a security deposit if one is required.

2.1 Incurred Expenses: The City is not responsible for any expenses which Offerors may incur in preparing and submitting Proposals called for in this Request for Proposal.

2.2 Late Proposals: Proposals received by the City after the time specified for receipt will not be considered. Offerors shall assume full responsibility for timely uploading of the Proposals to the location designated for receipt of Proposals. All Proposals will be received at the time and place specified and made available for public inspection when a fully executed contract is in place.

2.3 Completeness: All information required by the Request for Proposal must be supplied to constitute a responsive Proposal. The City of Springfield reserves the right to use any and all information presented in any response to the Request for Proposal. Acceptance or rejection of the RFP does not affect this right. **Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.**

3.0 LEGAL NAME AND SIGNATURE: Proposals shall clearly indicate the legal name, address, e-mail address, telephone number, and fax number of the Offeror (company, firm, corporation, partnership, or individual). Proposals may be manually, electronically or digitally signed above the printed name and title of the signer on the Affidavit of Compliance page. The signer shall have the authority to legally bind the company to the submitted Proposal. Failure to properly sign the Title-Signature Page shall invalidate same, and it shall not be considered for award.

4.0 MODIFICATIONS, CORRECTIONS, OR WITHDRAWAL OF PROPOSALS:

4.1 A Proposal may only be withdrawn by the following method prior to the official closing date and time specified:

A. A Proposal may be withdrawn via e-mail to the buyer identified on page one of this document, by the Offeror or its' authorized representative.

4.2 A Proposal may only be modified by the following method prior to the official closing date and time specified:

A. A Proposal that has already been uploaded may be modified by uploading another proposal and identify "MODIFICATION" on your proposal submittal.

4.3 All modified proposals shall not be opened until the official closing date and time to preserve the integrity of the RFP process. Telephone, telegraphic or electronic requests to modify a Proposal/Solicitation shall not be honored. No modification or withdrawal of any response will be permitted after the RFP' specified official closing date and time.

5.0 CLARIFICATION AND ADDENDA:

5.1 Each offeror shall examine the Request for Proposal documents and shall judge all matters relating to the adequacy and accuracy of such documents. Any inquiries or suggestions concerning interpretation, clarification, or additional information pertaining to the Request for Proposal shall be made through the Division of Purchases in writing. The Division of Purchases shall not be responsible for oral interpretations given by any City employee, representative, or others. The issuance of written addenda is the official method whereby interpretation, clarification, or additional information can be given.

5.2 It shall be the responsibility of each Offeror, prior to submitting their Proposal, to check the City's e-bidding service DemandStar at: https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 to determine if addenda were issued and to make such addenda a part of their Proposal.

6.0 RESPONSIVE AND RESPONSIBLE OFFEROR: To be considered a responsive Offeror, the Offeror shall submit a Proposal which meets the minimum requirements set forth in the Request for Proposal. To be a responsible Offeror, the Offeror shall have the capability in all respects to perform fully the minimum requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment and credit which will ensure good faith performance.

7.0 RESERVED RIGHTS:

7.1 The City reserves the right to make such investigations as it deems necessary to make the determination of the Offeror's responsiveness and responsibility. Such information may include but shall not be limited to current financial statements, verification of availability of equipment and personnel, past performance records, and any additional documentation as deemed necessary by the City.

7.2 The City reserves the right to reject any and all proposals, to waive technical defects, and to select the proposal(s) deemed most advantageous to the City.

8.0 THE RIGHT TO AUDIT: The Offeror agrees to furnish supporting detail as may be required by the City to support charges or invoices, to make available for audit purposes all records covering charges pertinent to the purchase, and to make appropriate adjustments in the event discrepancies are found. The cost of any audit will be paid by the City. The City shall have the right to audit the Offeror's records pertaining to the work/product for a period of three (3) years after final payment.

9.0 RIGHT TO PROTEST:

9.1 Appeals and remedies are provided for in the Springfield City Code and Purchasing Manual. Protestors shall seek resolution of their complaints with the City Purchasing Agent.

9.2 Any protest shall state the basis upon which the solicitation or award is contested and shall be submitted within thirty (30) calendar days after such aggrieved person knew or could have reasonably been expected to know of the facts giving rise thereto.

10.0 ETHICAL STANDARDS: With respect to this RFP, if any Offeror violates or is a party to a violation of the general ethical standards stated in the City Purchasing Manual or the State of Missouri Statues, such Offeror may be disqualified from furnishing the goods or services for which the Proposal is submitted and may be further disqualified from submitting any future Proposals. A copy of the City's General Ethical Standards is located in sections 13-3.406-13.3.407 of the City Purchasing Manual. The following is the link to the City Purchasing Manual: https://www.springfieldmo.gov/DocumentCenter/View/7604/Purchasing-Manual-PDF

11.0 APPLICABLE LAW: All applicable laws and regulations of the State of Missouri and the City of Springfield, Missouri including the City's Procurement Regulations and Procedures stated in the City Purchasing Manual shall apply to any resulting agreement, contract, or purchase order. Any involvement with City Procurement shall be in accordance with the City Purchasing Manual. The following is the link to the City Purchasing Manual: https://www.springfieldmo.gov/DocumentCenter/View/7604/Purchasing-Manual-PDF

12.0 JURISDICTION: This RFP and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this contract be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

13.0 COLLUSION: By offering a submission to this Request for Proposal, the Offeror certifies it has not divulged, discussed, or compared the Proposal with other Offerors and has not colluded with any other Offeror or parties to this RFP whatsoever. Also, the Offeror certifies, and in the case of a joint Proposal, each party thereto certifies as to their own organization, that in connection with this RFP:

13.1 Any prices and/or cost data submitted have been arrived at independently, without consultation, communication, or contract for the purpose of restricting competition, as to any matter relating to such prices and/or cost data, with any other Offeror or with any competitor.

13.2 Any prices and/or cost data for this Proposal have not knowingly been disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to the scheduled official due date directly or indirectly to any other Offeror or to any competitor.

13.3 No attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit a Proposal for the purpose of restricting competition.

13.4 The only person or persons interested in this Proposal, principal or principals are named therein and that no person other than therein mentioned has any interest in this Proposal or in the contract to be entered into.

13.5 No person or agency has been employed or retained to solicit or secure this contract upon a contract or understanding for a commission, percentage, brokerage, or contingent fee exempting bona fide employees or established commercial agencies maintained by the Purchaser for the purpose of doing business.

14.0 CONFLICT: By submission of its response, the offeror certifies that they are in compliance with items 14.1 through 15.4.

14.1 No salaried officer or employee of the City and no member of the City Council shall have a financial interest, direct or indirect, in this Contract. A violation of this provision renders the Contract void. Any applicable federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated. Service Provider/Consultant covenants that it presently has no interest and shall not acquire any interest, of a direct or indirect nature, which would conflict in any manner or degree with the performance of services to be performed under this Contract. The Service Provider/Consultant further covenants that in the performance of this Contract no person having such interest shall be employed or compensated by Service Provider/Consultant. City of Springfield Charter Sec. 19.16 also prohibits City board members from contracting with the department the board administrates or with the board he or she is a member of. Please be aware that you have a duty to disclose any member of your business that has a position on a City of Springfield board or commission, is a City Council Member, a City employee, or the spouse or dependent child of a City employee. Failure to do so may render the contract with the City of Springfield void and result in the board member or City Council member or City employee forfeiting his or her job with the City. Additionally, it may be a violation of state law. If you would like more information on this, contact the City or review City Charter Section 19.16 and Section 105.452 RSMo.

NOTE: COMPLETION AND SUBMITTAL OF FORM NO. 8.0 CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST MUST BE SUBMITTED WITH YOUR BID RESPONSE TO BE CONSIDERED RESPONSIVE.

15.0 DEBARMENT AND SUSPENSION STATUS:

15.1 **Offeror** is not currently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any government agency, nor is **Offeror** an agent of any person or entity that is currently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transaction by any government agency.

15.2 **Offeror** has not within a three year period preceding this Invitation been convicted of or had a civil suit judgment rendered against **Offeror** for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statement, or receiving stolen property.

15.3 **The offeror** is not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated above.

15.4 **Offeror** has not, within a three-year period preceding this Invitation, had any government (federal, state, or local) transactions terminated for cause or default.

16.0 RFP FORMS: Unless otherwise specified, Offerors must use the Request for Proposal Forms furnished by the City. Failure to do so shall be grounds for rejection of the proposal. Offerors must indicate any exceptions to the City's requested specifications and/or terms and conditions, on the RFP Affidavit of Compliance. **Taking exception to the specifications and/or terms and conditions MAY render the Offeror's proposal non-responsive and may remove it from consideration for award (depending on the Offeror's noted exceptions).** All exceptions will be reviewed on a case-by-case basis. If no exceptions are noted Offerors must fully comply with the City requested specifications, requirements, and terms and conditions. By signing the Affidavit of Compliance without taking exception to this solicitation you are hereby agreeing to the City's terms and conditions as stated herein. If you disagree with any part of this document, you must state the exception on the Affidavit of Compliance. Additional terms and conditions submitted with your response without taking exception to the solicitation will not be considered and will not become a part of the contract if your proposal is accepted.

17.0 PAYMENT TERMS: Payment terms shall be Net 30 if not otherwise specified. Pre-payment terms are not acceptable. If an Offeror offers a discount on payment terms, the discount time will be computed from the date of satisfactory delivery at place of acceptance and receipt of correct invoice at the office specified.

18.0 REGULATIONS: It shall be the responsibility of each Offeror to assure compliance with OSHA, EPA, Federal, State of Missouri, and City rules, regulations, or other requirements, as each may apply.

19.0 PROPOSAL OPENING: A public opening shall take place on the date and at the time specified on the Title Signature Page. Only the name of the Offerors that submitted Proposals will be read aloud. **The name of offerors will be read aloud publicly at the specified proposal closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222*.** All other information shall remain confidential during the evaluation process. After a fully executed contract is in place, Offeror's may request a debriefing and Proposal files may be examined during normal working hours by appointment.

20.0 REQUEST FOR ADDITIONAL INFORMATION: The Offeror shall furnish such additional information as the City of Springfield may reasonably require. This includes information which indicates financial resources as well as ability to provide services. The City reserves the right to make investigations of the qualifications of the Offeror as it deems appropriate.

21.0 CONTRACT DOCUMENTS: If it is determined that a contract be issued via this solicitation, the contract between the City of Springfield and the Service Provider shall generally consist of: (1) applicable contract document, (2) the Request for Proposal, and any addenda thereto and, (3) the Offeror's proposal, as accepted, submitted in response to the Request for Proposal, and (4) any negotiated Best and Final Offer. Any agreement, contract, or purchase order resulting from the acceptance of a proposal shall be on forms either supplied by or approved by the City.

21.1 Any contract resulting from this solicitation may be executed and delivered by the parties electronically, and fully executed electronic versions of the contract instrument, or reproductions thereof, will be deemed to be original counterparts.

21.2 The successful Offeror shall have ten (10 days) after receipt of the Notice of Recommendation for Award letter to return all requested documentation as required by the Request for Proposal. Failure to comply within the established deadline for submittal of required documents may be grounds for cancellation of the award.

22.0 OWNERSHIP OF DOCUMENTS: All files and information will be submitted before or upon final approval and acceptance of the contract documents. All documents, including original drawings, calculations, computer runs, field notes, drawings, estimates, specifications, written design criteria and written reports are and remain the property of the Service Provider until such time as this Contract is, for any reason, terminated, at which time they become the property of the City.

23.0 CONFIDENTIALITY OF DOCUMENTS: Any reports, data, design or similar information given to or prepared or assembled under this contract which the City requests to be kept as confidential shall not be made available to any individual or organization without prior written approval of the City.

24.0 EQUAL OPPORTUNITY CLAUSE: The City of Springfield, in accordance with the provision of Title VI of the Civil Rights Act of 1964 (78 Stat. 252) and the Regulations of the Department of Commerce (15 CFR, Part 8) issued pursuant to such Act, hereby notifies all qualified firms/providers that the City affirmatively ensure that minority businesses will be afforded full opportunity to submit a proposal in response to this solicitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for award.

24.1 The City of Springfield encourages the participation of Disadvantage Business Enterprises (DBEs). If your firm is a designated DBE, please be sure and identify such on the enclosed **FORM NO. 7 AFFIDAVIT OF COMPLIANCE.**

24.2 The Consultant agrees in the performance of this Contract not to discriminate on the grounds or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, or political option or affiliation, against any employee or the Consultant or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder.

25.0 BUSINESS LICENSE: The Offeror shall obtain and maintain a business license with the City of Springfield, Missouri, if required by city code and any required state or federal license. The cost for this business license shall be borne by the Offeror. No contract will be executed by the City until this business license has been obtained.

26.0 NONRESIDENT/FOREIGN CONTRACTORS: The Service Provider shall procure and maintain during the life of this Contract:

26.1 If the Service Provider is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.; and

26.2 A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.

27.0 CERTIFICATE OF COMPLIANCE WITH SECTION 34.600 RSMO., ET SEQ. (ANTI-DISCRIMINATION AGAINST ISRAEL ACT): That pursuant to Missouri Revised Statute Sections 34.600 et., seq. A Service Provider must provide a written certification of compliance with the Anti-Discrimination Act, RSMo. 34.600 et., seq. that the Service Provider is not currently engaged in, and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. This section shall not apply to contracts with a total potential value of less than one hundred thousand dollars or to Service Providers with fewer than ten people.

28.0 ADDITIONAL SERVICES: In addition to the services provided in response to this solicitation, provide other services your firm/company can provide on **FORM NO. 10 ADDITIONAL SERVICES.**

29.0 LOCAL VENDOR PREFERENCE:

29.1 Commodities (when applicable) - A commodity shall be defined as a non-specialized, non-customized mass produced good. In the event two or more Bids to supply a commodity are equal in all evaluation criteria, including cost, such Bids shall be awarded first to the Bidder with offices within Springfield city limits, next to Bidders within Greene County, next to Bidders located in the adjacent counties, then next to other Missouri Bidders. If a tie Bid situation still exists after the application of these criteria, then the Bid shall be awarded by drawing lots or a flip of a coin. The City may also, unless the terms, conditions, and specifications of the solicitation state to the contrary, elect to divide the contract award between two or more Bidders, if it deems such action to be in its best interests, in the exercise of its sole discretion.

29.2 Non-commodities (when applicable) - For procurements of non-commodities the City should take into account factors such as impact on the local economy, time of delivery, maintenance, other pertinent costs, and recommend firms with offices in the Springfield Metropolitan Statistical Area (SMSA) when their Bids are substantially equal in cost, specifications, conditions, and Bidder's qualifications. A Bid shall be substantially equal in cost if the differential for total cost is two percent (2%) or less. When a request for proposal or a bid with evaluation criteria is evaluated, the score given for the criteria of cost for potential vendors within the SMSA shall be increased by 10 percent of the total points possible for cost.

29.3 Nothing in this section shall prohibit the City from evaluating bids and proposals on factors aside from the potential bidder's office location nor from rejecting non-responsive or non-responsible bids.

PART III
FORMAT, CONTENT, AND SUBMISSION OF PROPOSALS

1.0 FORMS AND ATTACHMENTS: The Affidavit of Compliance Form is required to be uploaded with your Proposal. Any exceptions to the RFP terms, conditions and requirements shall be stated on this form. The Proposal shall be signed by a party authorized by law to bind the Offeror, such as an officer listed on a corporation's filing with the Missouri Secretary of State, an owner, or a managing member of an LLC or partnership.

2.0 PROPOSAL DUE DATE: Proposals shall be uploaded to the Division of Purchases e-bidding service, DemandStar no later than **3:00 P.M. (CDT) on FRIDAY, AUGUST 25, 2023**. Proposals will not be accepted after this time.

3.0 ADDENDA: If it becomes necessary to revise or amend any part of this Request for Proposal, an addendum will be posted on the City's website at www.springfieldmo.gov/bids and at:
https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029

Receipt of an addendum to an RFP by an Offeror must be acknowledged by signing and uploading the addendum with your proposal response to https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 prior to the closing time and date.

4.0 SELECTION PROCESS:
The proposals will be evaluated by a Selection Committee comprised of selected City personnel. The overall process may consist of two steps: the first being a review and evaluation of all responsive proposals and the second being the interview phase for the short list of respondents selected for interview.

Step One: Evaluation of Responsive Proposals:

a. Members of the Selection Committee will review and rate each responsive proposal based on the criteria identified in Enclosure I of this document.
b. The Proposal Ranking Score Sheet for the evaluation of the proposals is included as Enclosure I of this document. The Evaluation Committee may request additional submittals. Scores identified on the Proposal Ranking Score Sheets submitted by the Evaluation Committee will be utilized to create a Composite Proposal Score Sheet.
c. The Project Manager and Evaluation Committee may determine via the outcome of the evaluation of the proposal(s) that there is only one firm identified as the highest-ranking firm based on overall composite score results. If it is determined by the Project Manager and Evaluation Committee that there is not a need to interview, the City may negotiate the specific terms of the contract including cost without engaging in an interview process.
d. The Project Manager checks references and prepares a reference check information memo that is distributed to the Evaluation Committee. Reference check information may be taken into consideration as part of the evaluation of responsive proposals process as it pertains to the firm's Experiences & References criteria.

Step Two: Short List Interviews:

a. The Proposal Evaluation Composite Score Sheet, based on the evaluation of responsive proposals, will produce a list of the top-rated proposals that may be selected for interviews (short list) if determined to be necessary by the Project Manager and Evaluation Committee. Oral interviews may be conducted in order to make a final determination of the top-ranking firm if the City determines interviews are necessary.
b. The Interview Ranking Score Sheet for the evaluation of interviews is included as Enclosure II of this document. Scores identified on the Interview Ranking Score Sheets submitted by the Evaluation Committee will be utilized if applicable to create a Composite Interview Score Sheet.
c. The Project Manager checks reference(s) once a short list is determined. A reference check information memo is prepared by the Project Manager and distributed to the interviewing committee. Reference check information may be considered part of the interview process and is taken into consideration pertaining to the firm's Experience & References criteria.
d. Upon selection of the top-rated firm, the City may negotiate the specific terms of the contract including cost.

Step Three: Best and Final Offer (BAFO): The City reserves the right to conduct pre-award discussions, interviews, pre-contract negotiations, and if necessary, a best and final offer (BAFO) with any or all responsive and responsible Offerors who submit Proposals determined to be reasonably acceptable of being selected for award. The City reserves the right to award a contract to a firm solely based on their initial proposal submitted without any further interview, discussion, and negotiations.

4.1 Interviews: The City reserves the right to conduct personal interviews or require presentations of any or all Offerors prior to selection. The City will not be liable for any costs incurred by the Offeror in connection with such interviews/presentations (i.e., travel, accommodations, etc.)

4.2 Negotiations: The City reserves the right to enter into negotiations with the highest-ranking firm. If negotiations with the highest-ranking firm fail, the City may enter into negotiations with the second highest-ranking firm and so on until a contract is executed or if all negotiations fail a new solicitation may be warranted.

5.0 AWARDS:

5.1 Unless otherwise stated in the Request for Proposal, cash discounts for prompt payment of invoices will not be considered in the evaluation of prices if part of the Proposal. However, such discounts are encouraged to motivate prompt payment.

5.2 Award will be made based upon Evaluation Committee recommendation after Proposals have been scored based upon award criteria specified herein.

5.3 Each Proposal is received with the understanding that the acceptance in writing by the City of the offer to furnish any or all the materials, equipment, supplies, or services described therein shall constitute a contract between the Offeror and the City; and shall bind the Offeror to furnish and deliver at the price, and in accordance with the conditions of said accepted Proposal and detailed specifications.

5.4 The City reserves the right to: (1) make awards to multiple proposers; (2) to reject any and all proposals or waive any minor irregularity or technicality in any proposals received; and (3) to disregard all non- conforming or conditional proposals or counter proposals and determine an award that is deemed to be in the best interest of the City.

6.0 BUDGETARY CONSTRAINTS: The City reserves the right to reduce or increase the quantity, retract any item and/or service from the Proposal, or upon notification, terminate entire contract without any obligations or penalty based upon availability of funds.

7.0 ORDER OF PRECEDENCE: Any and all Special/General Conditions and Specifications attached hereto, which varies from the instruction to Offerors, shall take precedence.

8.0 AFFIDAVIT FOR SERVICE CONTRACTS: The Offeror represents, in accordance with RSMO 285.530.2 that they have not employed, or sub-bid with, unauthorized aliens in connection with the scope of work to be done under the RFP and agrees to provide an affidavit to the City of Springfield affirming that they have not, and will not in connection with the RFP, knowingly employ, or sub-bid with, any person who is an unauthorized alien.

9.0 OPEN COMPETITION: It is the intent and purpose of the Division of Purchases that the Request for Proposal process permits free and open competition. However, it shall be the Offeror's responsibility to advise the Division of Purchases if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirement to a single source or otherwise prohibits the submission of a Proposal. The notification should be received by the Division of Purchases at least ten calendar days prior to the specified Request for Proposal due date and time.

10.0 ADDITIONAL PURCHASES BY OTHER PUBLIC AGENCIES: The Offeror by submitting a proposal authorizes other public agencies to “Piggy-Back” or purchase equipment, products, and services being proposed in this Request for Proposal unless otherwise noted on the Affidavit of Compliance Form.

11.0 WORK AUTHORIZATION AFFIDAVIT AND E-VERIFY:

Effective January 1, 2009, and pursuant to the State of Missouri's RSMO 285.530 (1), No business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri.

[RSMO 285.530 (2)] As a condition for the award of any contract or grant in excess of five thousand dollars by the state or by any political subdivision of the state (e.g., Greene County, Mo.) to a business entity, the business entity (Company) shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Every such business entity shall sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

RSMO 285.530 pertains to all solicitations for services over $5,000. RSMO 285.530 does not apply to solicitations for goods only. If a solicitation is for services and goods, RSMO 285.530 applies if the services portion of the solicitation is over $5,000.

The required documentation must be from the federal work authorization program provider. e.g., the electronic signature page from the E-Verify program's Memorandum of Understanding. Letter from Offerors reciting compliance is not sufficient.

The Department of Homeland Security, U.S. Citizenship and Immigration Services, (USCIS) in partnership with the Social Security Administration (SSA) operate a FREE internet-based program called E-Verify, http://www.dhs.gov/everify that allows employers to verify the employment eligibility of their employees, regardless of citizenship. Based on information provided by employees on their Form I-9, E-Verify checks the information electronically against records contained in DHS and Social Security Administration databases. There are penalties for employing an unauthorized alien. The City may enforce any and all penalties available under local, state and/or federal law.

The signed and notarized Work Authorization Affidavit AND the Electronic Signature Page from the E-Verify program are to be provided prior to the issuance of a contract.

CITY OF SPRINGFIELD, MISSOURI
WORK AUTHORIZATION AFFIDAVIT PURSUANT TO SECTION 285.530, RSMo
(REQUIRED FOR ALL BIDS FOR SERVICES IN EXCESS OF $5,000.00)

County of _____)
) ss.
State of _____)

My name is _____. I am an authorized agent of _____ ("Offeror"). Offeror is enrolled and participates in a federal work authorization program for all employees working in connection with services provided to the City of Springfield, Missouri. Offeror does not knowingly employ any person who is an unauthorized alien in connection with the services being provided.

Offeror shall not knowingly employ or contract with an illegal alien to perform work for the City of Springfield, Missouri or enter into a contract with a sub-offeror/sub-contractor that knowingly employs or contracts with an illegal alien.

_____
Affiant

_____
Printed Name

Subscribed and sworn to before me this _____ day of _____, 20___.

_____
Notary Public

SEAL

12.0 INSURANCE REQUIREMENTS: Before a contract is executed, the successful respondent shall furnish the City a CERTIFICATE OF INSURANCE (COI) as described in **Requirements PART IV**. The requirement for the provision of a Certificate of Insurance is conditional based upon whether or not services will be performed on City property. A COI shall be required when services are performed on City property.

13.0 COMPLIANCE: The following items shall be provided by proposer to the City of Springfield Division of Purchases. To be considered complete and responsive, Offeror must submit all Pages identified with **"RETURN THIS PAGE"** of this RFP document. **Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.**

13.1 To be provided with proposal submittal:

- Page 1-TITLE-SIGNATURE PAGE
- Enclosure III: Table of Contents for Submittal
- Form No. 1: Provider Profile
- Form No. 2: Key Outside Consultants (not applicable)
- Form No. 3: References and Experience
- Form No. 4: Resumes of Key Personnel
- Form No. 5: Project Approach Narrative
- Form No. 6A: Banking Services Fee Schedule
- Form No. 6B: Merchant Card Services Fee Schedule
- Form No. 6C: Purchasing Card Services Fee Schedule
- Form No. 6D: Safekeeping Services Fee Schedule
- Form No. 6E: Conversion Support Fee Schedule
- Form No. 6F: Total Cost
- Form No. 7: AFFIDAVIT OF COMPLIANCE
- Form No. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST
- Form No. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)
- Form No. 10: ADDITIONAL SERVICES
- Additional Agreement(s)/Contracts (if applicable)
- Executed Addenda (if applicable)
- A sample copy of the bank's account analysis shall be submitted with your proposal. See paragraph 2.1.10.
- PCI Certified (documentation of certification must be submitted with your proposal. See paragraph 2.2.2.1.
- Submit copies of your firm's bond reports with your proposal. See paragraph 2.4.2.
- Provide copies of recently published reports supporting at least two of the credit ratings. See Form No. 1, Item 5.
- Submit copies of the last two fiscal years' financial statements. See Form No. 1, Item 6.

13.2 To be provided prior to the issuance of a contract:

- Proof of Business License (if applicable): **https://www.springfieldmo.gov/2171/Business-License-Applications**
- Certificate of Insurance (COI) naming the City of Springfield as additional insured. The requirement for the provision of a Certificate of Insurance is conditional based upon whether or not services will be performed on City property.
  NOTE: COI shall identify the **SAME** legal entity company name as reflected on the respondent's Form W-9.
- Form W-9 (new vendor only): **https://www.irs.gov/pub/irs-pdf/fw9.pdf**
  NOTE: Form W-9 shall identify the **SAME** legal entity company name as reflected on the awarded respondent's Certificate of Insurance (COI).
- Work Authorization Affidavit,
- E-Verify Signature Page: **https://www.e-verify.gov/faq/how-do-i-get-a-copy-of-the-memorandum-of-understanding-mou**
- Form No. 11: CERTIFICATION OF SIGNATURE AUTHORITY
- Business Continuity Plan

13.3 All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified on the front cover page of this solicitation. If your business is exempt, the exemption number should be referenced in lieu of a charter number. This information should be completed at the time of offer submittal and shall be required prior to award. To register with the Missouri Secretary of State, please consult: https://bsd.sos.mo.gov/BusinessEntity/BESearch.aspx?SearchType=0

13.4 Respondents' legal entity company name must be identified the SAME on their Form W-9 and Certificate of Insurance (COI).

14.0 SAMPLE CONTRACT: The City has included with this RFP a sample contract for the services requested. This sample is provided for illustrative purposes only. The City reserves the right to submit a contract which differs from the following example:

City of Springfield
Division of Purchases
218 E Central (65802)
PO Box 8368
Springfield, MO 65801-8368
Ph. 417 864-1620
Fax 417-864-1927

Service Provider
Company Name
Attn: _____
Address_____
_____
Ph. _____
Fax _____

THIS CONTRACT, made and entered into this ____ day of _____, 20____, by and between the City of Springfield, a municipal corporation of the State of Missouri, hereinafter referred to as the "City" with an office located at 218 E Central, Springfield, Missouri 65802 and _____, a company in the State of _____, hereafter referred to as "Service Provider."

WITNESSETH:

THAT WHEREAS, the City of Springfield desires to engage the Service Provider to provide **Banking Services** described in **Request for Proposal #006-2024** which is attached hereto and incorporated herein as **EXHIBIT A;** and

WHEREAS, the Service Provider submitted a proposal and said proposal is attached hereto and incorporated herein as **EXHIBIT B;** and

WHEREAS, City desires to engage Service Provider to perform such services.

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, IT IS HEREBY AGREED by the parties hereto as follows:

1. City employs Service Provider to perform the services hereinafter set forth.

2. Services. The Service Provider represents that it is equipped, competent, and able to perform, and that it will perform all services hereinafter set forth in a diligent and competent manner in accordance with the professional standard of care customarily recognized by members of Service Provider's profession practicing in the State of Missouri within the same general timeframe. Service Provider will perform all such services in accordance with the following provisions, incorporated into this Contract as if set forth in full herein: City's **Request for Proposal #006-2024** hereinafter **EXHIBIT A,** and the Service Provider's Response to the RFP, hereinafter **EXHIBIT B**. Where the terms of the RFP or the Service Provider's Response to the RFP conflict, the terms of **EXHIBIT A** shall control.

3. Compensation. It is expressly understood that in no event will the compensation to be paid to the Service Provider under the terms of this Contract for the services set forth in the Scope, and for reimbursement of authorized expenses exceed the line-item costs outlined in **EXHIBIT B**. Service Provider agrees that the price for all line items outlined in **EXHIBIT B** shall not increase for a period of one (1) year from the date of agreement execution. If additional services are requested by the City, the Service Provider will prepare and submit to the City an estimate of the total cost associated with such additional services. The City will review and approve in writing the cost estimate for additional services, and the total compensation and reimbursement to be paid by the City to the Service Provider for such approved additional services shall not exceed the approved amount. Service Provider's fees for additional services shall be billed on an hourly basis at Service Provider's current standard rates, which will in no event exceed the amount approved by the City in writing for such additional services.

5. The term of this Contract shall be for a one (1) year period from _____ through _____. The City may at its option renew the Contract up to four (4) additional one-year terms by giving written notice to the Service Provider. Any increase in cost at the beginning of each renewal period will be limited to that allowed per **RFP# 006-2024; Section 15.0; Renewal Option**. All pricing identified on the pricing page shall be in effect for the stated contract term.

6. This Contract may be executed and delivered by the parties electronically, and fully executed electronic versions of the contract instrument, or reproductions thereof, will be deemed to be original counterparts.

7. This contract shall be binding on the parties thereto only after it has been duly executed and approved by the City and the Service Provider.

IN WITNESS WHEREOF, the parties hereto evidence their agreement to the terms of this Contract by their signatures below.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay, therefore.

_____ _____
David Holtmann, Director of Finance Date
or
Acting Director of Finance

APPROVED AS TO FORM

_____ _____
City Attorney or Assistant City Attorney Date

SERVICE PROVIDER

By: _____ _____
Company Authorized Signature Date

Name: _____
Print

Title: _____

CITY OF SPRINGFIELD, MISSOURI

By: _____ _____
Ben Calia, CPPB, City Purchasing Agent Date
or Acting Purchasing Agent

CITY OF SPRINGFIELD, MISSOURI
Administration

By: _____ _____
Jason Gage, City Manager Date
or Designee

15.0 RENEWAL OPTION:

15.1 The City reserves the right to negotiate this contract for four (4) additional one-year renewal periods.

15.2 If the service provider requests an increase in compensation for any renewal period, the service provider shall notify the Purchasing Division no less than sixty (60) days prior to the end of the contract period.

15.3 Adjustments in cost at the beginning of each renewal period must be mutually agreed upon by both parties. All requested increases must be accompanied by justification acceptable to the City to establish allowable renewal term pricing.

15.4 The City's Purchasing Division staff conducting this solicitation shall notify the service provider in writing of the intent to exercise the renewal option. However, failure to notify the consultant does not waive the City's right to exercise the renewal option.

16.0 QUESTIONS REGARDING SPECIFICATIONS OR PROPOSAL PROCESS: To ensure fair consideration for all Offerors, the City prohibits communication to or with any department, board, or employee during the submission process, except as provided. Additionally, the City prohibits communications initiated by an Offeror to the City official(s) or employee(s) evaluating or considering the Proposals prior to the time a fully executed contract is in place. Any communication between Offeror and the City will be initiated by the appropriate City Official(s) or employee(s) in order to obtain information or clarification needed to develop a proper, accurate evaluation of the Proposal. Such communications initiated by an Offeror may be grounds for disqualifying the offending Offeror from consideration for award of the Proposal and/or any future Proposal(s).

16.1 Any questions relative to interpretation of specifications or the Proposal process shall be addressed to the Buyer in writing, in ample time before the period set for the receipt and opening of Proposals. No inquiries, if received after the deadline for final questions date listed in the Scope of Work will be given any consideration. Any interpretation made to prospective Offerors will be expressed in the form of an addendum to the RFP which, if issued, will be conveyed in writing to all prospective Offerors by the City's response to question date listed in the Scope of Work.

16.2 It will be the responsibility of the Offeror to contact the Division of Purchases prior to submitting a Proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to acknowledge addendum with the Proposal. Receipt of an addendum to an RFP by an Offeror must be acknowledged by signing and uploading the addendum with your proposal to https://www.demandstar.com/supplier/bids/agency_inc/bid_list.asp?f=search&mi=548029 prior to the closing time and date.

16.3 Successful Offeror will be notified electronically.

17.0 CRITERIA FOR AWARD: The Evaluation Committee will evaluate Proposals and a recommendation will be made to the Buyer. Each Proposal will be evaluated for full compliance with the RFP instructions to the Offeror and the mandatory terms and conditions set forth within the RFP. The objective of the evaluation will be to recommend the Offeror who is most responsive to the herein described needs of the City. Proposals which are responsive to this Request for Proposal will be evaluated based on, but not limited to the following criteria:

17.1 **20 points** for Evidence of Experience & References with Similar Projects (FORM 3). **Reference checks will be performed by the Project Manager. The results from the reference(s) check will be shared with the Evaluation Committee members.**

17.2 **20 points** for Expertise of Firm/Provider Personnel (FORM 4)

17.3 **25 points** for Applicable Resources (FORM 1, 2, AND 5)

17.4 **25 points** for Project Approach (FORM 5)

17.5 **10 points** for Cost (FORM(S) 6 A, B, C, D, E, F) *

*On August 8, 2016, in General Ordinance 6301, the City Council voted to amend the Springfield City Code, Chapter 2, Administration, Article VI, Finances, Division 2, Purchasing, Section 2-401, known as the Purchasing Manual, by amending Subsection 13-3.104.1. (D) to clarify the local preference provision and by deleting Subsections 13-3.105.2 and 13-3.105.3 to remove a conflicting local preference provision. This amendment specifies that when an RFP is evaluated, the score given to Offerors within the Springfield Metropolitan Statistical Area for the criteria of cost shall be increased by 10 percent of the total points possible for cost. **Points for cost shall be calculated by the Purchasing Division utilizing Form No. 6F: Total Cost.**

17.6 Evaluation Criteria Definitions: (The following definitions are from Merriam-Webster.com/dictionary.)

17.6.1 Acceptable: Capable or worthy of being accepted.

17.6.2 Marginal: Close to the lower limit of qualification, acceptability, or function, barely exceeding the minimum requirements.

17.6.3 Unacceptable: Not acceptable.

ENCLOSURE I
PROPOSAL RANKING SCORE SHEET

SCORING RANGES

	25 Point Questions	20 Point Questions	10 Point Questions
Acceptable	17 – 25	14 – 20	7 – 10
Marginal	9 – 16	7 – 13	4 – 6
Unacceptable	0 – 8	0 – 6	0 – 3

	Evaluation Criteria	Maximum Points	Score
1.	Evidence of Experience & References with Similar Projects (FORM 3) Consider experience and references listed by the firm/provider on Form 3 of the RFP. Is the provider experienced in providing services similar to those requested in the RFP? • Familiarity and experience with similar projects • Consider any sub-consultants to be used and their experience (if applicable)	20	_____
2.	Expertise of Firm/Provider Personnel (FORM 4) Consider comparable experience and background of specific personnel that shall be assigned to the City's project as outlined on Form 4 of the RFP. Also consider the specific involvement of those persons in projects listed on Form 3 of the RFP. Experience on projects of similar scope and size: • Project Manager • Project team • Sub-consultants (if applicable)	20	_____
3.	Applicable Resources (FORM 1, 2, AND 5) Evaluate the extent of applicable resources available to the firm / provider to complete the City's project as listed on Forms 1, 2, and 5 of the RFP • Standard Quality Assurance/Quality Control program or procedures the firm has in place. • Adequacy of proposed team/resources to complete project within proposed time frame.	25	_____
4.	Project Approach (FORM 5) Evaluate the firm/provider's approach to and understanding of the Scope of Services required in the RFP as evidenced by the project approach presented in Form 5. • Project schedule and detailed approach is reasonable/responsive to City's needs. • Roles of all involved parties clearly identified. • Identify/recognize critical or unique issues specific to the project. • Adequacy of proposed communications process. • Unique approaches that have been successful elsewhere.	25	_____
5.	Cost (FORM(S) 6 A, B, C, D, E, F) Determination of cost and pricing data: Consider whether all elements of cost and pricing conform to the requirements of the RFP.	10	

Ranked By: _____

TOTAL POINTS
(100) _____

Revised: BC: 6-6-2023
Approved by Legal:

ENCLOSURE II

INTERVIEW RANKING SCORE SHEET

SCORING RANGES

	25 Point Questions	20 Point Questions	10 Point Questions
Acceptable	17 – 25	14 – 20	7 – 10
Marginal	9 – 16	7 – 13	4 – 6
Unacceptable	0 – 8	0 – 6	0 – 3

	Evaluation Criteria	Maximum Points	Score
1.	Evidence of Experience & References with Similar Projects (FORM 3) Consider experience and references listed by the firm/provider on Form 3 of the RFP. Is the provider experienced in providing services similar to those requested in the RFP? • Familiarity and experience with similar projects • Consider any sub-consultants to be used and their experience (if applicable)	20	_____
2.	Expertise of Firm/Provider Personnel (FORM 4) Consider comparable experience and background of specific personnel that shall be assigned to the City's project as outlined on Form 4 of the RFP. Also consider the specific involvement of those persons in projects listed on Form 3 of the RFP. Experience on projects of similar scope and size: • Project Manager • Project team • Sub-consultants (if applicable)	20	_____
3.	Applicable Resources (FORM 1, 2, AND 5) Evaluate the extent of applicable resources available to the firm / provider to complete the City's project as listed on Forms 1, 2, and 5 of the RFP • Standard Quality Assurance/Quality Control program or procedures the firm has in place. • Adequacy of proposed team/resources to complete project within proposed time frame.	25	_____
4.	Project Approach (FORM 5) Evaluate the firm/provider's approach to and understanding of the Scope of Services required in the RFP as evidenced by the project approach presented in Form 5. • Project schedule and detailed approach is reasonable/responsive to City's needs. • Roles of all involved parties clearly identified. • Identify/recognize critical or unique issues specific to the project. • Adequacy of proposed communications process. • Unique approaches that have been successful elsewhere.	25	_____
5.	Cost (FORM(S) 6 A, B, C, D, E, F) Determination of cost and pricing data: Consider whether all elements of cost and pricing conform to the requirements of the RFP.	10	

Ranked By: _____

TOTAL POINTS (100) _____

Revised: BC: 6-6-2023
Approved by Legal:

ENCLOSURE III
TABLE OF CONTENTS FOR SUBMITTAL

The following table sets forth the specific items to be addressed in the proposal. Respondents are requested to use this page with their proposal and with the corresponding page numbers indicated on the information submitted within their proposal:

A.	TITLE-SIGNATURE PAGE (This form must be signed and dated.)	Page 1
B.	TABLE OF CONTENTS: Submit this page with page numbers provided.	Page 2
C.	LETTER OF TRANSMITTAL: Limit to four (4) pages; to be submitted on the provider's letterhead. 1. Concisely state the provider's understanding of the services required by the City. 2. Include additional relevant information not requested elsewhere in this RFP. 3. The signature of the letter shall be that of a person authorized to represent and bind the firm/provider.	Attachment
D.	EXECUTED ADDENDA (if applicable) The respondent must return the correct number of all numbered addenda with submitted proposal. All Addenda must be signed.	Attachment
E.	PROVIDER PROFILE: Form No. 1 provided.	Page 3
F.	LIST OF OUTSIDE KEY CONSULTANTS/ASSOCIATES OR AGENCIES THAT WILL BE USED FOR THE CITY'S SERVICE: Form No. 2 provided.	Not Applicable
G.	LIST OF REFERENCES AND EXPERIENCE: Form No. 3 provided (Form 3 may be reproduced and attached in sequence if more space is required).	Page _____ - _____
H.	RESUMES OF KEY PERSONNEL: Form No. 4 provided (Form 4 may be reproduced and attached in sequence if more space is required).	Page _____
I.	PROJECT APPROACH NARRATIVE: Form No. 5 provided.	Page _____ - _____
J.	COST: Form(s) provided: (Forms 6A, 6B, 6C, 6D, 6E, 6F)	Page _____
K.	AFFIDAVIT OF COMPLIANCE Form No. 7 (This form must be signed and dated.)	Page _____
L.	CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST Form No. 8 (This form must be signed and dated.)	Page _____
M.	CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act) Form No. 9 (This form must be signed and dated.)	Page _____
N.	AFFIDAVIT, WORK AUTHORIZATION Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)	Page _____
O.	E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)	Page _____
P.	ADDITIONAL SERVICES Form No. 10	Page _____
Q.	CERTIFICATION OF SIGNATURE AUTHORITY Form No. 11 (Must be signed and submitted prior to the issuance of a contract.)	Page _____
R.	ADDITIONAL AGREEMENT(S)/CONTRACTS: (if applicable) Any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract.	Attachment(s): #
S.	A sample copy of the bank's account analysis shall be submitted with your proposal.	Attachment
T.	PCI Certified (documentation of certification must be submitted with your proposal.	Attachment
U.	Submit copies of your firm's bond reports with your proposal.	Attachment
V.	Provide copies of recently published reports supporting at least two of the credit ratings.	Attachment
W.	Submit copies of the last two fiscal years' financial statements.	Attachment

Revised: BC: 6-6-2023
Approved by Legal:

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FORM NO. 1: PROVIDER PROFILE

1. Lead Service Provider/Firm(s) (or Joint Venture) Name and Address:

   1a. Provider /Firm is: ___ National ___ Regional ___ Local

   1b. Year Provider/Firm Established:

   Years of Experience providing RFP identified services/project for municipalities:
   Years of Experience providing Banking Services:

   1c. What is the state of incorporation of the entity with whom the City would contract?

   1d. Licensed to do business in the State of Missouri: ___ Yes ___ No

   1e. Principal contact information: Name, title, telephone number and email address:

   1f. Address of office to perform work, if different from Item No. 1:

2. List the number of persons by discipline that your Firm/Joint Venture will commit to the City's project or the services to be provided:

3. If submittal is by Joint Venture or utilizes subcontractors, list participating firms / providers and outline specific areas of responsibility (including administrative, technical, and financial) for each firm:

   3a. Has this Joint Venture previously worked together? ___ Yes ___ No

4. Provide a brief history of your institution with particular attention to the means and timing of your entry into the Springfield market.

5. Report all published credit ratings. Please indicate if the ratings are currently under review for an upgrade or downgrade. **Provide copies of recently published reports supporting at least two of the credit ratings**.

6. **Submit copies of the last two fiscal years' financial statements**. The statements must include an auditor's unqualified opinion and appropriate notes.

FORM NO. 2: KEY OUTSIDE CONSULANTS: Not allowed. Services provided cannot be subcontracted out to other Service Providers.

Page left blank intentionally.

FORM NO. 3: LIST OF REFERENCES AND EXPERIENCE

Work by Service Provider/Firm (including any subcontractors or Joint-Venture companies) that best illustrate current qualifications relevant to the City's project that has been/is being accomplished by personnel during the past five (5) years that shall be assigned to the City's project. **Provide a list of at least four client references of similar sized accounts. At least two of the references should be public entity account.**

Project Name & Location:

Completion Date (Actual or Estimated):

Project Owners Name & Address:

Project Owner's Contact Person, Title & Telephone Number:

Estimated Cost (in Thousands) for Entire Project: $

Estimated Cost (in Thousands) for work performed by responsible Service Provider/Firm: $

Scope of Entire Project: (Please give quantitative indications wherever possible).

Nature of Service Provider's/Firm's responsibility in project: (Please give quantitative indications wherever possible).

Service Provider's/Firm's Personnel (Name/Project Assignment) who worked on the stated project that shall be assigned to the City's project:

FORM NO. 4: RESUMES OF KEY PERSONNEL

Brief resume of key persons, specialists, and individual service providers that shall be assigned to the City project:

a. Name and Title:

b. Project Assignment:

c. Name of Service Provider/Firm with which associated:

d. Years of Experience:
With this service provider/firm ___ other service providers/firms ___

e. Education: Degree(s)/Year/Specialization:

f. Current Registration(s):

g. Other Experience & Qualifications relevant to the proposed project:

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 5: PROJECT APPROACH NARRATIVE

Use this space to provide a detailed project approach including but not limited to:

- Project schedule and detailed approach is reasonable/responsive to City's needs;
- Roles of all involved parties clearly identified;
- Identify/recognize critical or unique issues specific to the project and successful critical or unique approaches used elsewhere;
- Proposed communication process.

Provide concise information in the following format:

I. BANKING SERVICES:

1. Account Information

   a. All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained.

   b. Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

   c. Workforce Development: We require a method of issuing monies on bank cards to enrolled participants.

   d. The City requires all transactions be available on the online banking website within twenty-four (24) hours.

   e. The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

2. Deposits

   a. Describe deposit bag process and deposit slip coding available to assist with location reconciliation.

   b. Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

   c. Provide a map of Springfield showing the location of branch offices. Indicate which branches have a night depository. Indicate the location of the vault operations.

   d. Provide a deposit availability schedule.

3. Check Clearing

   a. Describe the process for handling returned checks.

   b. Describe the stop payment and voided check procedures.

   c. How long are stop payments effective?

   d. Are stop payments automatically extended?

   e. Describe the City's liability exposure for fraudulent checks.

4. Online Banking Services

   a. Provide a description and examples of the bank's software products and services.

   b. Fees associated with online banking services should be listed on **FORM NO. 6A: BANKING SERVICES FEE SCHEDULE**.

   c. Describe reporting capabilities and provide examples.

   d. Describe security features such as multi-factor authentication and audit logs.

   e. What are the cutoff times for wires, ACHs, and transfers?

   f. Are wire and ACH templates available?

   g. Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

   h. Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

   i. What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

5. Wire Transfers

   a. State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

   b. Describe security features your bank has in place to ensure the integrity of your wire transfer system.

   c. Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

6. ACH Transactions

   a. The City requires the ability to place a filter on incoming and outgoing ACH payments.

7. Electronic Deposits

   a. Provide a brief description of the service available. Address the following items:

      - All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.

      - Provide information on cut-off times and availability.

8. Pay Cards

   a. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs.

II. MERCHANT CARD SERVICES:

1. Process Visa, Mastercard, Discover and American Express branded credit/debit card charges by our customers at each respective location.

2. Fees associated with merchant card services, including costs and fees for PCI programs and compliance, should be listed on **FORM NO. 6B: MERCHANT CARD SERVICES FEE SCHEDULE.**

3. Functionality and Certifications

   a. Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

4. Rates Disclosure & Other Items to Address

   a. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

   b. Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

   c. Identify guarantees against down time.

   d. How are chargebacks and disputed charges handled?

   e. What type of equipment and data transmission lines are required?

   f. What specific information is required of the City to complete the set-up process?

   g. What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

   h. What is the process for adding new on-site or online payment locations?

   i. What is the process for adding or replacing equipment?

   j. Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

III. PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES:

1. Describe your purchasing card program.

2. Fees associated with purchasing card services should be listed on **FORM NO. 6C: PURCHASING CARD SERVICES FEE SCHEDULE**.

3. Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.

4. Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

IV. SAFEKEEPING SERVICES:

1. Describe your safekeeping services.

2. Fees associated with safekeeping services should be listed on **FORM NO. 6D: SAFEKEEPING SERVICES FEE SCHEDULE**.

3. Submit copies of your firm's bond reports with your proposal. In addition, indicate any enhancements that are under consideration.

4. What are your cutoff times to settle investment transactions?

V. OVERALL:

1. The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

2. The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

3. Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

4. What differentiates your service and/or products from other providers?

5. Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

6. How do you plan to keep your products/services current and competitive?

7. Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

VI. CONVERSION SUPPORT:

1. Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

2. Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

3. Discuss the level of support your institution would commit to facilitate the City's conversion.

4. Estimate the number of hours that would be required to complete the conversion.

5. Estimate the City's cost of conversion. Fees associated with conversion support should be listed on **FORM NO. 6E: CONVERSION FEE SCHEDULE**.

VII. OTHER:

1. List the name of the designated account executive as well as an alternate. The designated account executive must have the authority to make timely decisions in the normal course of business on their own. Resumes must be provided for all key account executives designated to serve this account. Use **FORM NO. 4: RESUMES OF KEY PERSONNEL**.

   a. Designated Account Executive contact information: Name, title, telephone number and email address.

   b. Alternate Account Executive contact information: Name, title, telephone number and email address.

2. Specifically discuss your approach to developing preliminary and final project plans.

3. Describe a written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

FORM NO. 6A: **BANKING SERVICES FEE SCHEDULE**

Refer to **EXHIBIT A-1: Banking Services Volumes.** These numbers represent the City's best estimate of the average volume and the City in no way guarantees these as minimum or maximum volumes.

I. Interest Rate Calculations

1. Interest Rate Paid on Available Balances _____%

2. Interest Rate Paid on Overnight Repurchase _____%

3. Describe Interest Rate Calculation: _____
_____
_____

II. Include an itemized cost breakdown of the services you are proposing and the fees associated with online banking services.

FORM NO. 6B: MERCHANT CARD SERVICES FEE SCHEDULE

Refer to **Exhibit A-2: Merchant Card Services Volume** for transactions and annual dollar amount estimates.

I. The costs and fees for PCI programs and compliance must be disclosed.

II. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

FORM NO. 6C: PURCHASING CARD SERVICES FEE SCHEDULE

Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

FORM NO. 6D: SAFEKEEPING SERVICES FEE SCHEDULE

Indicated the fees associated with safekeeping services.

FORM NO. 6E: CONVERSION COST

Provide a breakdown of costs associated with conversion support.

FORM NO. 6F: TOTAL COST

Overall total project cost to include all related costs associated with the proposed project or scope of services, to include but not limited to: Personnel, total hours, and service-related expenses.

TOTAL ANNUAL COST, FORM NO. 6A: BANKING SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6B: MERCHANT CARD SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6C: PURCHASING CARD SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6D: SAFEKEEPING SERVICES	$_____
TOTAL ANNUAL COST, FORM NO. 6E: CONVERSION COST	$_____
TOTAL ANNUAL COST (FORM NO. 6A, 6B, 6C, 6D & 6E)	**$**_____

FORM NO. 7: AFFIDAVIT OF COMPLIANCE

To be submitted with Offeror's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

_____ We **TAKE** exception to the RFP Documents/Requirements as follows:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this RFP unless otherwise stipulated herein.

Company Name: _____

Telephone Number: _____

By: _____
(Authorized Person's Signature)

Fax Number: _____

_____
(Print or type name and title of signer)

Email: _____

_____
(Company Street/P.O. Box Address)

Federal Tax ID No.: _____

_____
(City, State, Zip Code)

Date: _____

DBE Vendor (Yes/No): _____

Minority Owned: ____

Women Owned: ____

Veteran Owned: ____

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST

The City's Charter, Sec. 19.16, prohibits any Council member or employee of the City from having a financial interest, direct or indirect, in any contract with the City and any member of a City board or commission from having a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he or she serves.

*****If the prohibition above is violated, <u>the contract is void</u> and the Council member, City board or commission member forfeits his or her office or the employee forfeits his or her employment*****

Vendor certifies that **(check all that apply):**

1. ____ No City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

2. ____ No spouse or dependent child of a City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

---

3. ____ A City Council member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

4. ____ A City employee or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

5. ____ A City board/commission member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

If choosing 3, 4, or 5, please provide name of Council member, employee, board or commission member, or spouse:

_____

Vendor Certification:

I certify the information above is true and accurate.

By: _____

Print Name: _____

Title: _____

Company: _____

Please note whether the Charter is violated is fact specific. City staff will follow up with you for additional information.

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)

Effective August 28, 2020

(Does not apply to contracts totaling less than $100,000.00, or fewer than 10 employees.)

I am _____ (name), and am the _____ (title) of _____ (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial one]

_____. I hereby certify that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, in accordance with the terms and conditions set forth in 34.600 RSMo., et seq.

or:

_____. The business employs less than 10 employees.

_____
Company Name (List official name of Business Entity.)

_____
Signature

_____
Printed Name

_____
Title

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 10: ADDITIONAL SERVICES

SERVICE: Use additional copies of this form if necessary.
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20.

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 11: CERTIFICATION OF SIGNATURE AUTHORITY

I _____ (print name), am the _____ (title) of _____(company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial]

_____. I hereby certify that the signature on the contract document has the authority to sign contracts on behalf of the company and to legally bind the company in the execution of said contract documents.

_____
Company Name (List Official Name of Business Entity)

_____
Signature

_____
Print Name

_____
Title

FORM NO. 12: STATEMENT OF "NO PROPOSAL"

RETURN THIS PAGE ONLY IF YOUR COMPANY PROVIDES THE PRODUCTS/SERVICES REQUESTED AND DECLINES TO DO SO.

WE, THE UNDERSIGNED, HAVE DECLINED TO SUBMIT A PROPOSAL ON **RFP NO. 006-2024** FOR **BANKING SERVICES** FOR THE FOLLOWING REASON(S):

_____ SPECIFICATIONS ARE TOO "TIGHT", I.E. GEARED TOWARD ONE BRAND OR MANUFACTURER ONLY (PLEASE EXPLAIN REASON BELOW)

_____ INSUFFICIENT TIME TO RESPOND TO REQUEST FOR PROPOSAL.

_____ WE DO NOT OFFER THIS PRODUCT/S OR EQUIVALENT.

_____ REMOVE US FROM YOUR BIDDERS' LIST FOR THIS COMMODITY OR SERVICE

_____ OUR PRODUCT SCHEDULE WOULD NOT PERMIT US TO PERFORM.

_____ UNABLE TO MEET SPECIFICATIONS.

_____ UNABLE TO MEET INSURANCE REQUIREMENTS.

_____ SPECIFICATIONS UNCLEAR (PLEASE EXPLAIN BELOW).

_____ OTHER (PLEASE SPECIFY BELOW).

REMARKS: _____

_____

_____

_____

COMPANY NAME: _____

ADDRESS: _____

SIGNATURE AND TITLE: _____

TELEPHONE NUMBER: _____

DATE: _____

PART IV
INSURANCE REQUIREMENTS

Without limiting any of the other obligations or liabilities of the Service Provider, the Service Provider shall secure and maintain at its own cost and expense, throughout the duration of this Contract and until the work is completed and accepted by the City, insurance of such types and in such amounts as may be necessary to protect it and the interests of the City against all hazards or risks of loss as hereunder specified or which may arise out of the performance of the Contract Documents. The form and limits of such insurance, together with the underwriter thereof in each case, are subject to approval by the City. Regardless of such approval, it shall be the responsibility of the Service Provider to maintain adequate insurance coverage at all times during the term of the Contract. Failure of the Service Provider to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under the Contract Documents.

The certificates of insurance, including evidence of the required endorsements hereunder or the policies, shall be filed with the City within ten (10) days after the date of the receipt of Notice of Award of the Contract to the Service Provider and prior to the start of work. **All insurance policies shall provide thirty (30) days written notice to be given by the insurance company in question prior to modification or cancellation of such insurance and shall list the City as an additional insured and shall be accompanied by the policy's endorsements adding the City as an additional insured.** Such notices shall be sent via email to purchasingquotes@springfieldmo.gov, faxed to 417-864-1927, or mailed to:

City of Springfield, 218 E. Central, Springfield, MO 65802

As of January 1, 2022, the minimum coverage for the insurance referred to herein shall be as set out below:

A. **Workers' Compensation:** Statutory coverage per RSMo 287.010 et seq
Employer's Liability: $1,000,000.00

B. **Commercial General Liability Insurance,** including coverage for Contractual Liability and Independent Contractors Liability. Such coverage shall apply to bodily injury and property damage on an "Occurrence Form Basis" with limits of at least **Three Million and no/100 Dollars ($3,000,000.00)** for all claims arising out of a single accident or occurrence. Service Provider agrees that the proceeds of such insurance policy shall first be used to pay any award, damages, costs, and/or attorney fees incurred by or assessed against City, its employees, officers and agents, before payment of any award, damages, costs or attorneys' fees of Service Provider, its employees, officers or agents. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy, including the City as an additional insured for coverage under its products-completed operations hazard, and said policy shall be primary and noncontributory.

C. **Automobile Liability Insurance:** Covering Bodily Injury and Property Damage for owned, non-owned and hired vehicles with limits of **Three Million and no/100 Dollars ($3,000,000.00)** for all claims arising out of a single accident or occurrence. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy.

D. **Directors' and Officers' (D&O) Liability Insurance** with an errors and omissions, and fraud clauses with a minimum limit of **Five Million Dollars ($5,000,000.00)**.

E. **Professional Liability:** Technology Errors & Omissions insurance will be carried with a limit of at least **One Million Dollars ($1,000,000.00)** per occurrence or glitch. Such coverage shall include content/intellectual property coverage, and security/identity theft coverage. If insurance is written on a claims-made basis, vendor must maintain continuous coverage with a retro-active date prior to the effective date of the contract.

F. **Network Security (Cyber) and Privacy Liability:** Network Security (Cyber) and Privacy Liability insurance will be carried with a limit of at least **One Million Dollars ($1,000,000.00)** per occurrence and at least **Two Million Dollars ($2,000,000.00)** for each claim annual aggregate.

Such insurance shall include, but not limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include loss of use, breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Service Provider warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

G. **Business Continuity Plan:** Contractor must have a **Business Continuity Plan**. Describe the plan you currently have in place, as well as the process you have in place for safekeeping of all documents**.**

H. **Subcontracts:** In case any or all of this work is sublet, the Service Provider shall require the subcontractor to procure and maintain all insurance required in subparagraphs (A), (B), (C), (D), (E), (F) and (G) hereof and in like amounts. Service Provider shall require any and all subcontractors with whom it enters into a contract to perform work on this project to protect the City of Springfield through insurance against applicable hazards or risks and shall, upon request of the City, provide evidence of such insurance.

I. **Notice:** The Service Provider and/or subcontractor shall furnish to the City prior to beginning the work, satisfactory proof of carriage of all the insurance required by this contract, with the provision that policies shall not be canceled, modified or non-renewed without thirty (30) days written notice to the City of Springfield. **The thirty (30) day cancellation notice is required to be identified on the submitted Certificate of Insurance (COI).**

PART V
STANDARD TERMS AND CONDITIONS

A. Services. The City agrees to engage the services of the Service Provider and the Service Provider agrees to perform the services hereinafter set forth in accordance with the standard of care, skill and expertise ordinarily used by other members of Service Provider's profession in performing similar services. No services shall be provided by Service Provider until this Contract has been fully executed.

B. Addition to Services. The City may add to the Service Provider services or delete therefrom activities of a similar nature provided that the total cost of such work does not exceed the total cost allowance as specified in the final contract document. The Service Provider shall undertake such changed activities only upon the direction of the City. All such directives and changes shall be in written form and prepared and approved by the City and shall be accepted and countersigned by the Service Provider.

C. Exchange of Data. All information, data, and reports in the City's possession and necessary for the carrying out of the services related to this Contract, shall be furnished to the Service Provider without charge, and the parties shall reasonably cooperate in connection with this Contract.

D. Personnel. The Service Provider represents that Service Provider will secure at Service Provider's own expense, all personnel required to perform the services called for under this Contract by Service Provider. Such personnel shall not be employees of or have any contractual relationship with the City except as employees or independent contractors of the Service Provider. All of the services required hereunder will be performed by the Service Provider or under Service Provider's direct supervision and all personnel engaged in the services shall be fully qualified and shall be authorized under state and local law to perform such services. None of the work or services covered by this Contract shall be subcontracted without the written approval of the City.

E. Conditioned upon acceptable performance. Provided Service Provider performs the services in the manner set forth in paragraph A hereof, the City agrees to pay the Service Provider in accordance with the terms set forth in this Contract, which shall constitute complete compensation for all services to be rendered under this Contract; provided, that where payments are to be made periodically to Service Provider for services rendered under this Contract, the City expressly reserves the right to disapprove in whole or in part a request for payment where the services rendered during the period for which payment is claimed are not performed in a timely or satisfactory manner in accordance with the schedule and description of services set forth in this contract.

F. Termination of Contract:

1. Termination for breach. Failure of the Service Provider to fulfill Service Provider's obligations under this Contract in a timely and satisfactory manner in accordance with the schedule and description of services set forth in the Contract Parts shall constitute a breach of the Contract, and the City shall thereupon have the right to immediately terminate the Contract. The City shall give written notice of termination to the Service Provider by one of four different means: Facsimile Transmission ("FAX") if Service Provider has a FAX number; U.S. Postal Service Mail; or by hand delivering a copy of the same to the Service Provider; or by electronic mail to the address identified on contract document; or may give notice by any combination of the above methods. The date of termination shall be the date upon which notice of termination is hand delivered to Service Provider or given by FAX or electronic mail, or the third day following mailing of the notice of termination, whichever first occurs. In the event of termination for breach, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the Service Provider related to this Contract shall at the option of the City become its property, and the Service Provider shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials; provided, that the Service Provider shall not be relieved of liability to the City for any damages sustained by the City by virtue of any such breach of the Contract by the Service Provider.

1a. Attorney Fees: In the event of any litigation arising from breach of this Contract, the City shall be entitled to recover from the Service Provider all reasonable costs incurred for such litigation, including staff time, court costs, attorney fees, and all other related expenses incurred in such litigation.

2. Termination for Convenience. The City shall have the right at any time upon 15 days' written notice to Service Provider to terminate and cancel this Contract, without cause, for the convenience of the City, and Service Provider shall immediately stop work upon issuance of such notice. In such event City shall not be liable to Service Provider except for payment for actual work performed prior to such notice in an amount proportionate to the completed contract price and for the actual costs of preparations made by Service Provider for the performance of the cancelled portions of the Contract, including a reasonable allowance of profit applicable to the actual work performed and such preparations. Anticipatory profits and consequential damages shall not be recoverable by Service Provider.

G. Confidentiality of Documents. Any reports, data, design or similar information given to or prepared or assembled by the Service Provider under this Contract which the City requests to be kept as confidential shall not be made available to any individual or organization by the Service Provider without prior written approval of the City.

H. Discrimination. The Service Provider agrees in the performance of this Contract not to discriminate on the ground or because of race, creed, color, national origin or ancestry, sex, religion, handicap, age, status as a protected veteran or status as a qualified individual with a disability, or political opinion or affiliation, against any employee of Service Provider or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder. The parties hereby incorporate the requirements of 41 C.F.R. §§ 60-1.4(a)(7), 29 C.F.R. Part 471, Appendix A to Subpart A, 41 C.F.R. § 60-300.5(a) and 41 C.F.R. § 60-741.5(a), if applicable.

1. **This Service Provider and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.**

2. **This Service Provider and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.**

I. Occupational License: The Service Provider shall obtain and maintain an occupational license with the City of Springfield, Missouri, if required by City Code as well as any required state or federal license. The cost for this occupational license shall be borne by the Service Provider. No contract will be executed by the City until this occupational license has been obtained.

J. Nonresident/Foreign Service Providers. The Service Provider shall procure and maintain during the life of this Contract:

1. If the Service Provider is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.; and

2. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.

K. General Independent Service Provider Clause. This Contract does not create an employee/employer relationship between the parties. It is the parties' intention that the Service Provider will be an independent contractor and not the City's employee for all purposes, including, but not limited to: the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, Missouri workers' compensation and unemployment insurance laws. The Service Provider will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Service Provider's activities and responsibilities hereunder. The Service Provider agrees that it is a separate and independent enterprise from the City, that it has a full opportunity to find other work, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the services. This Contract shall not be construed as creating any joint employment relationship between the Service Provider and the City, and the City will not be liable for any obligation incurred by the Service Provider, including but not limited to unpaid minimum wages and/or overtime premiums.

L. City Benefits. The Service Provider shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Workers' Compensation Program of the City.

M. Notices. All notices required or permitted hereinunder and required to be in writing may be given by FAX, electronic mail (if to Service Provider), or by first class mail addressed to City or Service Provider at the addresses identified on the contract document. The date of delivery of any notice provided by mail shall be the date falling on the third day after the day of its mailing. The date of delivery of notice by FAX transmission or electronic mail (if to Service Provider) shall be deemed to be the date transmission occurs, except where the transmission is not completed by 5:00 p.m. on a regular business day at the location of the receiving party, in which case the date of delivery shall be deemed to fall on the next regular business day for the receiving party.

N. Jurisdiction. This Contract and every question arising hereunder shall be construed or determined according to the laws of the State of Missouri. Should any part of this Contract be litigated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

O. Delivery: Time is of the essence of this project. If completion times are not met at the time agreed upon, the City reserves the right to cancel or to purchase elsewhere and hold Service Provider liable for any re-procurement costs.

P. Invoices: An invoice shall be submitted and shall show the purchase order number or contract number and contain full descriptive information of items or services furnished. All invoices must be received within one year of completion of project or receipt of goods by the City or any possible payment is forfeited.

Q. Bankruptcy or Insolvency: In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, of the property of Service Provider, or in the event of breach of any of the terms hereof including the warranties of the Service Provider, City may cancel this contract or affirm the contract and hold Service Provider responsible in damages.

R. Compliance with Applicable Laws: The Service Provider warrants it has complied with all applicable laws, rules and ordinances of the United States, or any state, municipality or any other governmental authority or agency in the provision of service covered by this contract, including but not limited to all provisions of the Fair Labor Standard Act of 1938, as amended. All applicable laws and Springfield City Code and Purchasing Manual will apply to any resulting contract, contract, or purchase order. Any involvement with the City Procurement shall be in accordance with the Procurement Regulations, Policies and Purchasing Manual. Service Provider agrees to comply with all applicable federal, state and local laws and rules and regulations applicable to the provision of services and products hereunder. Service Provider affirmatively states that payment of all local, state, and federal taxes and assessments issued to Service Provider has been made in full.

S. Interpretation of Contract And Assignments: The contract shall be construed according to the laws of the State of Missouri. The contract, or any rights, obligations or duties hereunder may not be assigned by Service Provider without City's written consent or any attempted assignment without such consent shall be void.

T. Provisions by Law Deemed Inserted: Each and every provision of the law and clauses required by law to be inserted in this contract will be deemed to be inserted herein and will read and enforced as though it were included herein, and if through mistake, or otherwise any such provision is not inserted, then upon the application of either party the contract will be physically amended to make such insertion or correction.

U. Assignment: The Service Provider shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the City thereto. Provided, however, that claims for money due or to become due to the Service Provider from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of such assignment or transfer shall be furnished in writing promptly to the City. Any such assignment is expressly subject to all rights and remedies of the City under this contract, including the right to change or delete activities from the contract or to terminate the same as provided herein, and no such assignment shall require the City to give any notice to any such assignee of any actions which the City may take under this contract, though City will attempt to so notify any such assignee.

V. Proprietary Information: In accordance with the Missouri Sunshine Law, and except as may be provided by other applicable state and federal law, all Service Providers should be aware that Requests for Proposals and the responses thereto become open public records once a contract is negotiated or all proposals are rejected. However, Service Providers are requested to identify specifically any information contained in their Proposals which they consider confidential and/or proprietary and which they believe to be exempt from disclosure, citing specifically the applicable exempting law. **Failure of Service Provider to cite specifically to the applicable law exempting disclosure under the Sunshine Law may result in disclosure of such information. Service Provider should identify any information as confidential and/or proprietary by stamping each page with such information "Confidential" and/or "Proprietary." This requirement also applies to the electronic copy that is to be submitted.**
All Proposals received from Service Providers in response to this Request for Proposal will become the property of the City of Springfield and will not be returned to the Service Providers. In the event of contract award, all documentation produced as part of the contract will become the exclusive property of the City.

W. Indemnity and Hold Harmless:

1. In no event shall the City be liable to the Service Provider for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this Contract. The maximum liability of the City shall be limited to the amount of money to be paid or received by the City under this Contract.

2. The Service Provider shall defend, indemnify and save harmless the City, its elected or appointed officials, agents and employees from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims in any manner caused by, or allegedly caused by, or arising out of, or connected with, this Contract, or the work or any subcontract thereunder (the Service Provider hereby assuming full responsibility for relations with subcontractors), including, but not limited to, claims for personal injuries, death, property damage, or for damages from the award of this Contract to Service Provider.

3. The Service Provider shall indemnify and hold the City harmless from all wages or overtime compensation due any employees in rendering services pursuant to this agreement or any subcontract, including payment of reasonable attorneys' fees and costs in the defense of any claim made under the Fair Labor Standards Act, the Missouri Prevailing Wage Law or any other federal or state law.

4. The indemnification obligations of Service Provider hereunder shall not be limited by any limitations as to the amount or type of damages, compensation or benefits payable by or for the Service Provider, under any federal or state law, to any person asserting the claim against City, its elected or appointed officials, agents and employees, for which indemnification is sought.

5. The indemnification obligations herein shall not negate, abridge or reduce in any way any additional indemnification rights of the City, its elected or appointed officials, agents and employees, which are otherwise available under statute, or in law or equity.

6. Service Provider affirms that it has had the opportunity to recover the costs of the liability insurance required in this agreement in its Contract price. Service Provider's obligation under this agreement to defend, indemnify and hold harmless any person from that person's own negligence or wrongdoing is limited to the coverage and limits of the applicable insurance.

7. The Service Provider shall indemnify and hold the City harmless for any penalties, fines, fees or costs, including costs of defense, which are charged or assessed by any Federal, state or local agency including, but not limited to, Environmental Protection Agency or Department of Natural Resources.

X. Sub-Contracts:

1. The Service Provider shall not execute an agreement with any sub-contractor to perform any work until the City has provided written consent of the use of such sub-contractor.

2. The Service Provider shall be fully responsible to the City for the acts and omissions of any sub-contractors, and of persons either directly or indirectly employed by them, as Service Provider is for the acts and omissions of persons directly employed by them.

3. The Service Provider shall cause appropriate provisions to be inserted in all sub-contracts relative to the work to require compliance by each sub-contractor with the provisions of the Contract.

4. Nothing contained in the Conditions shall create any contractual relationship between any sub-contractor and the City.

EXHIBIT A-1: BANKING SERVICES VOLUMES

DESCRIPTION	AVERAGE MONTHLY VOLUME	CY2022 ANNUAL VOLUME
ACHs Initiated (manually initiated not via AP file)	73	872
Wires Initiated	22	262
Accounts payable checks issued	1,391	16,692
Accounts payable-initiated ACH transactions	127	1,524
Virtual card payments issued	45	540
Pay cards for payroll and Workforce Development participants	N/A	1,700

EXHIBIT A-2: MERCHANT CARD SERVICES VOLUME

LOCATION	CY2022 NUMBER OF TRANSACTIONS	CY2022 TRANSACTION DOLLAR AMOUNT
Art Museum	873	$229,458
Art Museum Online	542	31,687
Building Development Services	1,319	255,464
Busch Building Cashier (multiple locations)	76	16,425
Fire Department	91	10,623
Fire Department Online	498	22,779
Health Animal Control	221	14,621
Health Business Office	5,381	164,725
Health Online	97	1,288
Licensing	2,357	384,437
Municipal Court	811	124,744
Public Works/Environmental Services (multiple locations)	454	685,434
Service Center Fuel Pump (currently through Elavon)	816	20,220
Parks Cooper Concessions	1,817	15,199
Parks Killian Concessions (new)	0	0
Parks Meador Softball/Baseball	544	4,517
Zoo	20,247	764,725
Springfield Online	1,157	121,918
TOTAL ANNUAL COST	**37,301**	**$2,868,264**

EXHIBIT A-3: SERVICE PROVIDER WRITTEN AGREEMENT FOR PCI DSS COMPLIANCE

Unless noted on FORM NO. 7: AFFIDAVIT OF COMPLIANCE by taking exception, the Offeror agrees to the following.

1. PCI DSS Compliance: SERVICE PROVIDER recognizes that City is required to adhere to the Payment Card Industry Data Security Standard (PCI DSS) promulgated by the PCI Security Standards Council; and SERVICE PROVIDER possesses, handles, has access to, processes, transmits, and/or stores cardholder data in the performance of services provided to the City, and is therefore considered a service provider under Requirement 12.8 of the PCI DSS; and Requirement 12.8.2 of the PCI DSS requires the City to maintain a written agreement that includes an acknowledgement that the service provider is responsible for the security of cardholder data that the service provider possesses, handles, has access to, processes, transmits, and/or stores on behalf of the City; and Requirement 12.8.4 of the PCI DSS requires the City to maintain a program to monitor the service provider's PCI DSS compliance status; therefore

   a. SERVICE PROVIDER agrees that it is responsible for the security of City payment card data that it possesses, handles, has access to, processes, transmits, and/or stores.

   b. SERVICE PROVIDER affirms that, as of the effective date of this [agreement, renewal, addendum], it has complied with or will comply with all applicable requirements to be considered PCI DSS compliant and has performed the necessary steps to validate its compliance with the PCI DSS.

   c. SERVICE PROVIDER agrees to supply the current status of Service provider's PCI DSS compliance status, and evidence of its most recent validation of compliance upon execution of this Renewal to City. SERVICE PROVIDER must supply to City a new status report and evidence of validation of compliance at least annually.

   d. SERVICE PROVIDER will immediately notify City if it learns that it is no longer PCI DSS compliant and will immediately provide City the steps being taken to remediate the non-compliance status. In no event should SERVICE PROVIDER's notification to City be later than seven (7) calendar days after Service provider learns it is no longer PCI DSS complaint.

   e. SERVICE PROVIDER acknowledges that its indemnification requirements include indemnification for failure of SERVICE PROVIDER to be and to remain PCI DSS compliant.

ADDENDUM #1

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

REQUEST FOR PROPOSAL (RFP) #006-2024

FOR: BANKING SERVICES

Denise Neuleib, Buyer
Email: dneuleib@springfieldmo.gov
Phone: 417-864-1624

Date Issued: August 23, 2023
***REVISED DUE DATE*: WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M.**

The original **Request for Proposal #006-2024** for **BANKING SERVICES** documents shall remain in effect except as revised by the following changes, which shall take precedence over anything to the contrary in the specifications.

Please Note: The format of this addendum document will detail questions asked, answers provided, clarifications and statements made and will be denoted as follows: Q = Question, A = Answer, C = Clarification and S = Statement

S1 = The original solicitation document for **Request for Proposal #006-2024** had an original closing date and time of Friday, August 25, 2023 by 3:00 P.M. (CT). **The bid opening date has been extended until WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M. (CT).**

S2 = The following exhibits have been added to RFP #006-2024:

Exhibit A-4: Account Balance and Interest Rate Information
Exhibit A-5: Investment Summary

BANKING SERVICES

1. **Q = Please confirm that the below volumes included in the RFP reflect volumes for these services from all accounts.**

EXHIBIT A-1: BANKING SERVICES VOLUMES

DESCRIPTION	AVERAGE MONTHLY VOLUME	CY2022 ANNUAL VOLUME
ACHs Initiated (manually initiated not via AP file)	73	872
Wires Initiated	22	262
Accounts payable checks issued	1,391	16,692
Accounts payable-initiated ACH transactions	127	1,524
Virtual card payments issued	45	540
Pay cards for payroll and Workforce Development participants	N/A	1,700

A = The volumes presented are for the general disbursement account. The 1,700 pay cards represent the total number that have been issued. They are not all active. Some cards for participants are only loaded a few times. They are not ongoing.

2. **Q = Banking Services Volumes – would it be possible to obtain 1-3 months Account Analysis statements that would provide additional volumes and services utilized?**
A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

3. **Q = In order to provide the City estimated pricing, please provide volumes for the following transaction types: ACH Debits Received, ACH Credits Received, Originated ACH Files, ACH Returns or Notifications of Change, Return Deposited Items, Incoming Wire Transfers, Number of remote deposit scanners, Manual checks issued outside of AP, Positive Pay Exceptions, Internal Transfers, Cash Deposited (in dollars). A monthly average overall will be most helpful.**
A = Number of remote deposit scanners: 2.

Manual checks issued outside of AP: The payroll account averages 150 manual checks per month. The health insurance account averages 130 checks per month. The workers compensation account averages 290 checks per month. The other accounts do not issue a significant number of checks.

This information, other than what has already been provided, is not readily available.

4. **Q = Are you receiving Electronic Data Interchange information today? If so, can you provide an average monthly volume?**
A = No, we are not receiving Electronic Data Interchange information today.

5. **Q = Are you receiving or initiating any wire transfers in a foreign currency today or are all wires in USD? If so, can you provide an average monthly volume breakdown between USD and foreign currency?**
A = We do not issue or receive wires in a foreign currency. We do occasionally issue or receive international wires but not in a foreign currency.

6. **Q = Are you able to produce a NACHA file for ACH?**
A = Yes.

7. **Q = Are you sending or receiving any files today via SFTP?**
A = We currently send payroll files via SFTP and accounts payable files via online upload.

8. **Q = You mention Positive Pay for checks from a fraud prevention perspective. Can you confirm how many accounts should have an ACH debit filter/block?**
A = We currently have positive pay on five accounts – general disbursement account, payroll account, the municipal division account, and the two Cardinals accounts. The general disbursement account, municipal division account, and Cardinals accounts also have ACH debit filter/block.

9. **Q = What interest rate is the City currently earning on all accounts?**
   A = See Exhibit A-4: Account Balance and Interest Rate Information.

10. **Q = Are Federal Home Loan Bank Letters of Credit acceptable as collateral?**
    A = Yes. A Federal Home Loan Bank Letter of Credit would be an acceptable form of collateral. It is an obligation guaranteed by a US government agency.

11. **Q = Is an Insured Cash Sweep option acceptable as collateral?**
    A= Per the RFP, paragraph 2.1.1 Collateralization of Account Balances, refer to the excerpt from the City of Springfield, MO City Charter, Section 19.13 Security of Deposits.

12. **Q = Other than the General Disbursement account and the zero balance accounts, what is the average balance maintained in the remaining accounts?**
    A = The approximate balances as of 7/31/23 were: health insurance account $570,000; police accounts $104,000 combined; workers compensation insurance account $200,000; municipal court bond account $21,000; municipal division account $161,500; HUD accounts $358,000 combined; Cardinals accounts $3.4 million combined; crisis fund account $19,000.

13. **Q = Paragraph 2.1.3.1: Would the City consider an Insured Cash Sweep option utilizing the IntraFi network rather than an Repurchase Agreement Sweep?**
    A = No, they do not fall within the City's investment policy or code requirements.

14. **Q = Paragraph 2.1.3.3: Would the City consider utilizing online access for two years rather than a physical CD delivery?**
    A = We would consider that option.

15. **Q = Regarding pay cards, can you tell me how much the average load size is? Are they loaded monthly, weekly, bi-weekly etc.?**
    A = Payroll is loaded bi-weekly. The Workforce Development participant cards are also loaded bi-weekly. The load size ranges from $25 to a full paycheck.

16. **Q = In Missouri, Federal Home Loan Bank Letters of Credit are an acceptable form of collateral for public entities. Could that be used for collateral rather than securities?**
    A = Yes. A Federal Home Loan Bank Letter of Credit would be an acceptable form of collateral. It is an obligation guaranteed by a US government agency.

17. **Q = How many employees are currently utilizing a pay card to receive their payroll? How many employees are currently receiving their payroll via paper check? What is the total dollar amount paid out via pay card or paper check each month?**
    A = We do not have a way to determine the exact number or dollar amount of employees receiving their payroll via pay card due to the way they are processed. The payroll account averages 150 manual checks per month.

18. **Q = How many participants in the Workforce program utilize a pay card? How many receive a paper check? What is the total dollar amount disbursed via pay card or paper check each month?**
    A = Workforce Development program participants do not receive paper checks. They only receive pay cards. The pay cards are processed bi-weekly. The number of participants and dollar values vary. For July 2023, there were 73 pay card participants with an average of $120 loaded for each one.

19. **Q = EXHIBIT A-1: Could you provide an analysis statement for the services you are currently using? It will be helpful to have balances, all services and associated volumes. (in particular, the volumes for items shown below are needed)**
    - Paragraph 2.1.4: Cash, coin and check deposits. What is average dollar amount of cash deposits? Cash orders?
    - Paragraph 2.1.8: How many incoming ACH received?
    - Paragraph 2.1.11: Electronic deposit – how many items deposited?

    A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

20. **Q = The State of Missouri requires collateralization at 100%. Can you please explain why the City requires 103%?**
    A = The City's investment policy requires collateralization at 100%. The City has required 103% to ensure we comply with our investment policy.

21. **Q = Would the City consider a nightly sweep into a government-only (with investments allowed by the City's investment policy) money market mutual fund?**
A = No, the City's investment policy does not allow money market mutual funds.

22. **Q = Can the City provide a banking account analysis statement?**
A = We currently have a no-fee agreement with Central Bank of the Ozarks and do not receive account analysis statements.

23. **Q = What is the average monthly ledger balance and average monthly available balance for the City's accounts?**
A = See Exhibit A-4: Account Balance and Interest Rate Information.

24. **Q = What are the addresses for vault pick up locations? Who is the current armored courier for vault deposits?**
A = The City's Park Rangers' handle the deposit pick up and drop off. They also relay deposit slips or other documentation from the bank to the City the following business day.

25. **Q = For monthly vault deposits, what is the monthly dollar amount for cash and the amount for coin?**
A = For July 2023, there were 20 deposits totaling $100,239.10. The breakdown of cash and coin is not readily available.

26. **Q = For monthly branch deposits, what is the monthly dollar amount for cash and the amount for coin?**
A = For July 2023, there were 20 deposits totaling $100,239.10. The breakdown of cash and coin is not readily available.

27. **Q = Is the City using a Smart Safe service? If so, who is the armored courier providing the service?**
A = The City's Park Rangers' handle our courier needs.

28. **Q = Is the City utilizing location identifiers for deposits today?**
A = Yes. Our deposit slips are coded to identify the City location making the deposit. This coding appears in the banking activity to assist with reconciliation.

29. **Q = Is the City printing its own checks? If so, how old is the current machine?**
A = For account payable and payroll checks, the City purchases check stock from a third-party vendor and prints our own checks. We utilize a standard printer as opposed to a check printing machine. Smaller accounts utilize manual checks purchased from the bank.

30. **Q = Are US Agency bonds considered eligible collateral?**
A = Yes. It is an obligation guaranteed by a US government agency.

31. **Q = Would you accept an Irrevocable Standby Letter of Credit from the Federal Home Loan Bank of Dallas in lieu of pledged securities as indicated by Item #7 in the "State of Missouri Office of the State Treasurer - Securities Acceptable as Collateral to Secure State Deposits"?**
A = Yes, if it is an obligation guaranteed by a US government agency

32. **Q = How much cash is being deposited monthly between all accounts?**
A = This information is not readily available.

33. **Q = How many checks are being deposited monthly between all accounts (# of individual checks and not deposit tickets)?**
A = This information is not readily available.

34. **Q = How many chargebacks do you have monthly?**
A = This information is not readily available; however, we do not receive many chargebacks.

35. **Q = How many ACH Debits and Credits do you have monthly on all accounts that are not originated by you?**
A = This information is not readily available.

36. **Q = Payroll Account – how many checks clear this account monthly and how many employees do you have that get paid via ACH?**
A = The payroll account averages 150 manual checks per month and 2,600 direct deposits per month.

37. **Q = Police Department Accounts – How many checks clear these accounts monthly?**

A = Based on last fiscal year, approximately 6 checks clear each month.

38. **Q = Workforce Development – Is there a sweep set up to keep this account at a zero balance or do you complete manual transfers?**
A = This is a sweep account.

39. **Q = Municipal Division - How many checks clear this account monthly?**
A = Based on the last fiscal year, approximately 14 checks clear each month.

40. **Q = How many incoming wires do you have monthly on all accounts?**
A = This information is not readily available.

41. **Q = How many stop payments do you place monthly?**
A = This information is not readily available.

42. **Q = How many ACH returns do you get monthly?**
A = This information is not readily available.

43. **Q = Do you upload NACHA and positive pay files via online banking or FTP?**
A = We currently utilize FTP for payroll files. Accounts payable files are uploaded online.

44. **Q = Do you own your current check scanners? What kind? (ex. Multi feed/single feed, brand, etc.)**
A = The check scanners were provided by Central Bank of the Ozarks at the start of our contract with them. They are multi-feed scanners. TellerScan 240-50DPM.

45. **Q = Do you have dual approval set up for any of the services (wires, ach, internal transfers)?**
A = Wires, ACHs, and internal transfers all require someone to initiate the transaction and another user to approve the transaction.

46. **Q = Do you receive reconciliation reports for any of the accounts? (Deposit recon, full recon, etc.)**
A = We receive monthly bank statements for each account. We do not receive reconciliation reports for any of the accounts.

47. **Q = In regard to wires, will the bank be notified if the city knows that the receiver didn't receive a wire by 5 pm CT?**
A = The City will notify the bank if we are made aware that a wire was not received on the effective date.

48. **Q = Do you currently have an ability to edit scanned checks or does the system do it for you? Ex. You made an electronic check deposit and check number wasn't picked up by the scanner. Would you add it before you complete the deposit, or will the vendor make this correction on your behalf?**
A = We have the ability to edit the check amounts after they are scanned in.

49. **Q = Who is your pay card provider today?**
A = Central Bank of the Ozarks.

50. **Q = What payroll/accounting software do you use?**
A = We utilize Oracle R12 as our enterprise resource planning system.

51. **Q = Do you utilize CD Rom on all accounts?**
A = We utilize a CD Rom for most accounts but not all accounts.

52. **Q = Do you use repo sweep program today? If yes, on what accounts?**
A = We do not currently utilize a repo sweep program.

53. **Q = Do you have a courier or how do you deposit cash?**
A = We utilize the City's Park Rangers to deposit cash.

MERCHANT CARD SERVICES

54. Q = What payment gateway connects to your Civic Plus? (Ex. Authorize.net)
A = Civic Plus transactions go through CP Pay and Authorize.net.

55. Q = What is the name of the payment portal/virtual terminal from Central Bank? (Ex. Paytrace, Payeezy, Authorize.net, etc.)
A = We utilize Authorize.net and USA e-Pay.

56. Q = What is the brand name and model # of the stand-alone terminals used at the city locations?
A = Ingenico Telium2 iCT220, VeriFone VX 520, Ingenico Desk 3500, Verifone VX 680, and Ingenico iPP320. The Service Center fuel pump uses Fuel Force FF814 – SCP Version 7.64.08E.

57. Q = What is the name of the payment gateway used in conjunction with the city's website? (Ex. Authorize.net)
A = We utilize Authorize.net and USA e-Pay.

58. Q = How many legal names and FEIN numbers does the city use for each of the card processing locations?
A = The card processing locations included in this RFP utilize one legal name and FEIN. There are individual DBA names, but one legal name is used for all locations.

59. Q = Can you send a current merchant processing statement for each location?
A = No, this would require substantial effort to redact sensitive information.

60. Q = Is Civic Plus the only software used for merchant processing? What other types of equipment or POS systems are utilized at each location?
A = We utilize the following credit card machines and/or payment platforms:

Authorize.Net/CivicPlus/CPPAY; FuelForce FF814 – SCP Version 7.64.08E; Ingenico Desk 3500; Ingenico ICT220; Ingenico Telium2 iCT220; Talech/Miura; USAe-Pay; VeriFone VX 520; VeriFone VX680.

We utilize phone line, network, and cell connections for various machines and locations in addition to internet-based payment platforms.

61. Q = Merchant Card Services volume. Would it be possible to have 1-3 months of merchant statements that would detail not just volume, but card types, etc. in order to give a more detailed pricing proposal?
A = No, this would require substantial effort to redact sensitive information.

62. Q = Could the City please provide three months of merchant statements?
A = No, this would require substantial effort to redact sensitive information.

63. Q = How many departments/merchant IDs do you utilize?
A= We currently utilize 21 merchant IDs related to this RFP.

64. Q = How do you process merchant transactions today? Face to Face? Internet? Lockbox?
A = Face to Face: Yes; Internet: Yes; Lockbox: No

65. Q = What merchant equipment to you currently use? Terminals: Virtual Terminals, Mobile/Wireless, Web Payments.
A = See the answer provided for question #60.

66. Q = What merchant gateways or third-party VARs do you use?
A = See the answer provided to question #60.

67. Q = Do you charge merchant service fees?
A = We do not charge customers service fees or convenience fees for paying via credit card.

68. Q = How do you receive your merchant reporting today?
A = We receive a combination of paper statements and online statements available for download.

69. **Q = Are you utilizing merchant encryption and tokenization?**
A = Yes.

70. **Q = Please list all point-of-sale devices and any other payment-acceptance equipment the City currently uses to process payments.**
A = See the answer provided to question #60.

71. **Q = Is there convenience charge to the customer on all card payments? If on some, but not all payments, would you provide the locations and processing dollar and transaction volume, where a fee is not passed onto the cardholder?**
A = We do not charge customers service fees or convenience fees for paying via credit card.

72. **Q = Will the City keep CivicPlus for processing the payments? And if so, would you provide the gateway solution in use today?**
A = We intend to continue using CivicPlus. See the answer provided to question #54.

73. **Q = Are eCheck payments made through CivicPlus today? If not, what is the solution in use for processing eCheck payments. What is the annual eCheck processing dollar and transaction volume?**
A = Echeck payments are not currently accepted through CivicPlus.

74. **Q = Can the city provide a listing of inventory of Hardware and/or software being utilized by location to match the information in Exhibit A2 Merchant Card Services Volume?**
A = See the answer provided to question #60.

75. **Q = What is the communication method for each? (IP, Dial Up, Frame Relay etc.)**
A = See the answer provided to question #60.

76. **Q = Can the city provide some sample statements showing the detail they are requiring (including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.)?**
A = No, this would require substantial effort to redact sensitive information.

77. **Q = Is the City assessing a Service or Convenience Fee to their customers in any of the locations? If so, what rate/$ is being assessed?**
A = The City does not assess a service or convenience fee to our customers.

78. **Q = For the online transactions, is the system used providing an auto post-back to the accounting system or utilizing a file feed?**
A = The online transactions utilize a file feed to be posted to the accounting system.

79. **Q = EXHIBIT A-2: Please clarify the merchant services annual transactions on page 58. The far right column heading reads "CY2022 Transaction Dollar Amount" and the bottom line reads "Total Annual Cost". Is this the cost of merchant services for the City or is this the annual $ transactions?**
A = This is the total annual transaction dollars not the total annual cost.

SAFEKEEPING SERVICES

80. **Q = Paragraph 2.4.1: Could the securities be held in a nominee name? Typically bond certificates are not being issued and making it difficult to avoid utilizing street names.**
A = No.

81. **Q = As to the section on safekeeping of the investment portfolio 2.4, can you provide a listing of assets and balances so we can effectively access the safekeeping needs?**
A = Exhibit A-7: Investment Summary (July 2023).

82. **Q = Paragraph 2.4.3: Provide capability to pledge securities through the Federal Reserve to other institutions. Are you asking can we pledge assets we custody to cover shortfalls in other institutions? Or, is this about FDIC coverage and collateral?**
A = The City only requires pledged securities against our deposits.

PURCHASING CARD SERVICES AND ACCOUNTS PAYABLE VIRTUAL CARD SERVICES

83. Q = What billing cycle is preferred? (Monthly, Weekly, Bi-Weekly) – Please note, shorter cycle period can result in higher rebates?
A = We currently operate on a monthly billing cycle. We must have a statement or invoice to support payment. If a shorter billing cycle is accompanied by a proper invoice or statement and results in a higher rebate, we will consider making a change.

84. Q = What is the average transaction amount?
A = For the 12 months ended June 30, 2023, we had $12,063,955 in spend and 44,853 transactions making the average transaction $269.

85. Q = Is GL coding and approval workflow through Commerce needed or is a third-party solution being utilized?
A = We utilize our Oracle financial system for GL coding and workflow approval as opposed to the purchasing card/virtual card platform.

86. Q = Will transaction receipt capture and/or storage be required of the platform?
A = We require transaction information; however, the actual receipt capture is not required.

87. Q = Do cardholders require mobile app functionality?
A = It is not required; however, we do want cardholders to be able to access their account information online to monitor remaining credit limits available and transactions posted.

88. Q = Are there any specific reporting or reconciliation needs?
A = We require data received from vendors to be electronically transmitted to the City on at least a weekly basis. We currently receive this information daily and prefer that frequency. The data must be received in VCF format. In addition, we need the capability to run reports by time period, cardholder, vendor, etc.

89. Q = For the virtual AP card program and other services, please provide a 12-month vendor spend file including vendor name, annual spend, and current payment type for analysis on vendor acceptance for credit card payments.
A = Vendor spend information will be shared with the selected provider.

90. Q = Paragraph 2.3.3: Could you provide what the amount of the overall credit line is that would be required?
A = We have typically had a credit line of at least $10 million. Below is a summary of the monthly statement totals for the 12 months ended June 30, 2023:

July		$945,458.79
August		$1,161,252.82
September		$1,028,502.11
October		$958,940.86
November		$943,297.30
December		$851,249.24
January		$898,951.52
February		$1,030,824.04
March		$986,657.73
April		$1,056,548.88
May		$1,194,860.71
June		$1,007,410.88
		$12,063,954.88

91. Q = What is your preference of having PCards and Virtual Cards/ePayables under the same program?
A = We have only had pcard and virtual cards/ePayables provided by one vendor. We would need to carefully evaluate proposals for separating the two features.

92. Q = What rebate are you getting today?
A = We have received the following rebates. Please note that purchasing card spend was down due to COVID-19 travel and program restrictions during some years. 2022 - $252,147.77; 2021 - $165,193.70; 2020 - $137,359.19.

93. Q = Would you be able to share 3 months of statements?
A = This would require substantial effort to redact confidential information such as individual credit card numbers.

GENERAL QUESTIONS

94. Q = Overall, what gaps or challenges do you have with your current banking relationship that you'd like to see improve with a banking change?
A = We have a good relationship with our current banking providers. Improved reporting and website capabilities are always areas of interest. Proactively bringing us new products or services to meet our needs and respond to the ever-changing banking environment is also appreciated.

95. Q = What is the effective date of the contract?
A = Our current agreements are valid through November 30, 2023.

96. Q = Form 3: Would it be acceptable to remove the project information and just provide a list of references and the length of banking relationship?
A = Yes.

97. Q = Will the City potentially award services to multiple providers or is it your preference to receive all services outlined from the same provider?
A = The City will evaluate bids for banking services, merchant card services, purchasing card services/accounts payable virtual card services, and safekeeping services separately. Services may be awarded to different providers.

Per the RFP, paragraph 5.0 AWARDS, subparagraph 5.4: "The City reserves the right to: (1) make awards to multiple proposers; (2) to reject any and all proposals or waive any minor irregularity or technicality in any proposals received; and (3) to disregard all non- conforming or conditional proposals or counter proposals and determine an award that is deemed to be in the best interest of the City."

98. Q = Reason for the RFP (why are you changing)?
A = Per the RFP, paragraph 1.1 Description of Operations or Background: "The City of Springfield is currently using Central Bank of the Ozarks for banking, merchant card, and safekeeping services and US Bank for purchasing card services including virtual card capabilities. Each bank has been on contract in the current capacity since 2018. The contracts with Central Bank of the Ozarks and US Bank have no one-year renewals remaining which is why we are asking for proposals at this time."

99. Q = Are biography paragraphs sufficient for key personnel or are full resumes required?
A = Yes, biography paragraphs are sufficient as long as they provide the information required for a thorough evaluation.

100. Q = An expected date for responses to these questions was not provided in the RFP. Will an extension be issued to allow time to address answers once ready?
A = See *REVISED DUE DATE* on page 1 of the Addendum.

101. Q = Form No. 1: Can we provide links of our financial statements due to large size?
A = Yes. Be aware that this information is part of the evaluation criteria. If the information cannot be accessed by the evaluation committee members, it could potentially have a negative impact on your evaluation.

102. Q = Form No. 5: Due to the form being non-editable, can we provide our response in our own format/template so we may have room to respond accordingly?
A = Per the RFP, paragraph 16.0 RFP Forms: "Unless otherwise specified, Offerors must use the Request for Proposal Forms furnished by the City. Failure to do so shall be grounds for rejection of the proposal."

Offeror must submit Form No. 5. If additional space is needed, Offeror can put "See attached." All question and answers provided shall be provided in the format as specified on Form No. 5.

103. Q = Will the City consider extending the proposal deadline to Friday, September 1?
A = See *REVISED DUE DATE* on page 1 of the Addendum.

104. Q = Can we submit proposals for selected services or are we required to submit proposals for all services?
A = Proposals will be accepted for individual services.

105. Q = Is a local bank branch required?
A = A local bank branch is required for banking services. It is preferred, but not necessarily required, for merchant card services.

106. Q = Form No. 3: List of References and Experience. Our Bank does not allow us to disclose information related to costs associated with other customers. Will this disqualify our proposal?
A = No, it will not disqualify your proposal.

107. Q = Is it a requirement to provide Pay Cards? If we do not offer Pay Cards, will we be disqualified?
A = Pay card needs will be factored into the evaluation; however, not offering them will not automatically disqualify a proposal.

ACKNOWLEDGEMENT

Each bidder shall acknowledge receipt of this **Addendum #1** of **Request for Proposal #006-2024** titled **BANKING SERVICES** with his/her signature affixed hereto; and shall submit this Addendum and any attachments provided herein with their original bid submittal.

CERTIFICATION BY BIDDER:

SIGNATURE: _____

TITLE: _____

COMPANY: _____

DATE: _____

EXHIBIT A-4: ACCOUNT BALANCE AND INTEREST RATE INFORMATION

City of Springfield, MO
Interest Earned on Bank Accounts
July 31, 2023

Account Name		Balance at 7/31/23	Interest Rate on Statement	Interest Earned
General disbursements	*	$ 22,151,122.53	3.62%	$ 183,847.14
Payroll		-	0.00%	-
Health insurance		569,579.15	3.62%	1,733.45
Police Department (3)		104,103.39	3.62%/0.02%	203.39
Workers compensation		200,228.63	3.62%	698.48
Workforce Development		-	0.00%	-
Airport		-	0.00%	-
Municipal Court bond fund		20,886.50	N/A	N/A
Municipal division		161,527.08	N/A	N/A
HUD (2)		357,930.91	3.62%	1,020.41
Bank card		-	0.00%	-
Cardinals (3)		3,356,324.26	0.10%	299.48
Crisis fund		18,945.59	3.62%	57.79

*Average collected balance $59,755,487

EXHIBIT A-5: INVESTMENT SUMMARY

CITY OF SPRINGFIELD MISSOURI

Central Bank

Member FDIC

[redacted] 07/31/2023 [redacted]

Detailed Explanation of Investaccounts

Investments

Quantity	Description	Trade Date	Original Cost	Estimated Market Value
	Government Issues:			
15,000,000.00	UNITED STATES TREAS NTS 0.125% 08/15/23 [redacted]	03/26/21	$ 14,979,813.75	$ 14,967,150.00
20,000,000.00	UNITED STATES TREAS NTS 0.125% 10/15/23 [redacted]	02/04/22	$ 19,671,285.00	$ 19,784,400.00
20,000,000.00	UNITED STATES TREAS NTS 0.250% 11/15/23 [redacted]	10/29/21	$ 19,892,968.74	$ 19,703,200.00
20,000,000.00	UNITED STATES TREAS NTS 0.250% 11/15/23 [redacted]	10/29/21	$ 19,893,472.00	$ 19,703,200.00
20,000,000.00	UNITED STATES TREAS NTS 2.875% 11/30/23 [redacted]	06/18/21	$ 21,259,118.60	$ 19,832,800.00
40,000,000.00	UNITED STATES TREAS BILLS 0.000% 12/28/23 [redacted]	06/30/23	$ 38,942,758.88	$ 39,120,400.00
20,005,000.00	FEDERAL HOME LOAN BANKS 4.750% 01/17/24 [redacted]	01/19/23	$ 19,991,440.81	$ 19,928,180.80
35,000,000.00	FEDERAL HOME LOAN BANKS 0.000% 01/26/24 [redacted]	07/31/23	$ 34,081,133.45	$ 34,081,250.00
33,000,000.00	UNITED STATES TREAS NTS 2.375% 02/29/24 [redacted]	12/16/21	$ 34,171,757.73	$ 32,430,090.00
180,000.00	UNITED STATES TREAS NTS 0.250% 03/15/24 [redacted]	03/30/23	$ 173,074.14	$ 174,416.40
20,000,000.00	UNITED STATES TREAS NTS 0.375% 04/15/24 [redacted]	02/04/22	$ 19,620,132.40	$ 19,308,600.00
30,000,000.00	FEDERAL AGRIC MTG CORP 1.670% 05/03/24 [redacted]	02/28/22	$ 30,000,000.00	$ 29,136,300.00
1,260,000.00	UNITED STATES TREAS NTS 2.500% 05/15/24 [redacted]	05/09/22	$ 1,257,045.58	$ 1,231,599.60
25,000,000.00	UNITED STATES TREAS NTS 2.000% 05/31/24 [redacted]	03/24/22	$ 24,886,082.75	$ 24,307,500.00
20,000,000.00	FEDERAL HOME LOAN BANKS 3.125% 06/14/24 [redacted]	06/29/22	$ 19,970,180.00	$ 19,606,400.00
30,000,000.00	UNITED STATES TREAS NTS 0.375% 07/15/24 [redacted]	06/30/23	$ 28,481,250.00	$ 28,610,100.00
20,000,000.00	FEDERAL HOME LOAN BANKS 4.625% 12/13/24 [redacted]	01/19/23	$ 20,134,600.00	$ 19,820,000.00
20,000,000.00	FEDERAL FARM CR BKS 1.320% 01/21/25 [redacted]	02/04/22	$ 19,928,844.60	$ 18,872,600.00
389,445,000.00			$ 387,334,958.43	$ 380,618,186.80

Total Bond Portfolio $ 380,618,186.80

Bonds are provided as a service through Central Capital Markets and are safekept by Central Bank. **Certificates of Deposit purchased through Central Capital Markets and listed in the Taxable Investment section of Safekeeping Portfolio holdings are FDIC insured through the institution of issue up to applicable limits.

Bonds are not insured or guaranteed by FDIC or any other government agency. They are not deposits or obligations of, nor guaranteed by the Bank. These investment products involve investment risks, including the poss ble loss of principal.

End of Bond Statement

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

Denise Neuleib, Buyer
City of Springfield
Division of Purchases
218 E. Central
Springfield, MO 65802

Date Issued: July 28, 2023
Buyer's Email: dneuleib@springfieldmo.gov
Telephone Number: 417-864-1624

REQUEST FOR PROPOSALS (RFP) #006-2024

TITLE-SIGNATURE PAGE

The City of Springfield will accept electronically submitted proposals through its' e-bidding service provider, DemandStar, from qualified persons or firms interested in providing the following:

BANKING SERVICES

PROPOSALS MUST BE UPLOADED INTO THE DEMANDSTAR E-BIDDING SYSTEM PRIOR TO 3:00 P.M. (CDT) ON FRIDAY, AUGUST 25, 2023. Proposals will be read aloud publicly at the specified closing date and time via teleconference. *To participate dial (605) 313-5650, then enter access code 651222.*

- Proposers are to submit all pages of this RFP identified with "RETURN THIS PAGE" stated on the bottom right corner of said pages. Failure to do so shall render your proposal non-responsive.
- Proposals received after the opening date and time shall not be considered.
- The attached Terms and Conditions shall become part of any contract resulting from this bid.
- The cutoff for any questions pertaining to this RFP is **August 10, 2023 at 12:00 P.M. (CDT)**. Any questions shall be submitted in writing to the buyer identified above.
- *HAND DELIVERED, FAXED, OR EMAILED PROPOSALS WILL NOT BE ACCEPTED.*

The undersigned certifies that he/she has the authority to bind this company in a contract to supply the service or commodity in accordance with all terms and conditions specified herein. Please type or print the information below.

Respondent is REQUIRED to complete, sign, and return this form with their submittal.

NOTE: ***All businesses doing business in the State of MO should be registered with the Missouri Secretary of State. Upon MO registration, a charter number is issued and should be identified below. If your business is exempt, the exemption number should be referenced below, in lieu of a charter number.***

Company Name: U.S. Bank N.A.

Authorized Person (Print): Anna Milbach

Address: [redacted]

Title: [redacted]

Date: September 6, 2023

Tax ID #: [redacted]

State of Missouri Charter Number or Exemption Number: OCC Charter Number 24

Revised: BC: 6-6-2023
Reviewed By Law:

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ENCLOSURE III

TABLE OF CONTENTS FOR SUBMITTAL

The following table sets forth the specific items to be addressed in the proposal. Respondents are requested to use this page with their proposal and with the corresponding page numbers indicated on the information submitted within their proposal:

A.	TITLE-SIGNATURE PAGE (This form must be signed and dated.)	Page 1
B.	TABLE OF CONTENTS: Submit this page with page numbers provided.	Page 2
C.	LETTER OF TRANSMITTAL: Limit to four (4) pages; to be submitted on the provider's letterhead.	Attachment C.
D.	EXECUTED ADDENDA (if applicable)	Attachment D.
E.	PROVIDER PROFILE: Form No. 1 provided.	Page 13
F.	LIST OF OUTSIDE KEY CONSULTANTS/ASSOCIATES OR AGENCIES THAT WILL BE USED FOR THE CITY'S SERVICE: Form No. 2 provided.	Not Applicable
G.	LIST OF REFERENCES AND EXPERIENCE: Form No. 3 provided (Form 3 may be reproduced and attached in sequence if more space is required).	Page 20
H.	RESUMES OF KEY PERSONNEL: Form No. 4 provided (Form 4 may be reproduced and attached in sequence if more space is required).	Page 21-24
I.	PROJECT APPROACH NARRATIVE: Form No. 5 provided.	Page 25-71
J.	COST: Form(s) provided: (Forms 6A, 6B, 6C, 6D, 6E, 6F)	Page 72-78
K.	AFFIDAVIT OF COMPLIANCE Form No. 7 (This form must be signed and dated.)	Page 79-80
L.	CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST Form No. 8 (This form must be signed and dated.)	Page 81-82
M.	CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act) Form No. 9 (This form must be signed and dated.)	Page 83-84
N.	AFFIDAVIT, WORK AUTHORIZATION Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)	Page 85
O.	E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)	Page 86
P.	ADDITIONAL SERVICES Form No. 10	Page 87-89
Q.	CERTIFICATION OF SIGNATURE AUTHORITY Form No. 11 (Must be signed and submitted prior to the issuance of a contract.)	Page 90-91
R.	ADDITIONAL AGREEMENT(S)/CONTRACTS: (if applicable) Any additional agreement(s)/contracts proposed by Offeror shall be included with Offeror's proposal as an attachment and may become exhibits of an ensuing City contract.	Attachment(s): # R.1, R.2, R.3
S.	A sample copy of the bank's account analysis shall be submitted with your proposal.	Attachment S.1, S.2
T.	PCI Certified (documentation of certification must be submitted with your proposal.	Attachment T.1
U.	Submit copies of your firm's bond reports with your proposal.	Attachment U.1
V.	Provide copies of recently published reports supporting at least two of the credit ratings.	Attachment V.1
W.	Submit copies of the last two fiscal years' financial statements.	Attachment W.1, W.2

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Revised: BC: 6-6-2023
Reviewed by Law:

Proposal for City of Springfield banking services

PRESENTED TO:

City of Springfield
Denise Neuleib
Buyer

SUBMITTED BY:

Anna Milbach
Government Banking Relationship Manager
[redacted]

Becky Holmquist
Treasury Management Consultant
[redacted]

Due Date: September 6, 2023 | RFP Number: 006-2024

September 6, 2023

Denise Neuleib
The City of Springfield

Dear Denise,

We appreciate the opportunity to respond to the City of Springfield (the City) Request for Proposals (RFP) #006-2024 for Banking Services. U.S. Bank and the City have an extensive history. As the previous provider of banking services for the City, U.S. Bank is grateful for the existing purchasing card business, as well as the remaining merchant processing services through our wholly owned merchant processor, Elavon. We continue to meet quarterly to ensure the City's needs are being met. Our quarterly sessions help our team remain aware of changes within the City, while also providing an opportunity for City staff to catch up on fraud trends, changing technologies and new products and services in the financial services industry.

Since the City last went out for RFP, the deposit and rate environment has changed dramatically. The City must keep pace in a shifting landscape of market changes, evolving technologies and regulatory changes. We are here to help you navigate the challenges and build on your success.

The government banking difference

U.S. Bank has provided financial services to government entities for more than a century. The City would be serviced by our public sector team. Experienced banker Anna Milbach would serve the City assisted by treasury management consultant, Becky Holmquist. Both work exclusively with public sector clients. Our extensive work in partnership with public entities of all shapes and sizes gives us a unique perspective in meeting the government sector's requirements. We offer a wide range of deposit, treasury management, trust, investment and payment processing products to meet the needs of more than 5,300 states, cities, counties, towns and other public organizations.

Value proposition

[redacted]

We would appreciate the opportunity to meet with your team to discuss your needs and our proposal in more detail.

Kind Regards,

[redacted]

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

Attachments

Attachment C, Letter of Transmittal
Attachment D, Executed Addenda
Attachment I.1, U.S. Bank Money Center Brochure
Attachment I.2, U.S. Bank Commercial Paper
Attachment I.3, ICS for additional information
Attachment I.4, National Premier Availability Schedule
Attachment I.5, Sample Implementation Schedule
Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Attachment J.2, U.S. Bank Elavon Pricing Proposal
Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal
Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules
Attachment K.7.1, U.S. Bank Exceptions and Clarifications to City of Springfield RFP 006-2024
Attachment O.1, E-Verify MOU Signature Page
Attachment R.1, U.S. Bank Services Terms and Conditions
Attachment R.2, U.S. Bank Master Services Agreement with Appendix A
Attachment R.3, Your Deposit Account Agreement
Attachment S.1, U.S. Bank Sample Account Analysis
Attachment S.2, Understanding Your Account Analysis
Attachment T.1, Elavon PCI Compliance
Attachment U.1, U.S. Bank Safekeeping Sample Monthly Statement
Attachment V.1, U.S. Bank Credit Ratings
Attachment W.1, U.S. Bancorp Annual Report 2021
Attachment W.2, U.S. Bancorp Annual Report 2022
Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview

Disclaimers

Acknowledging information provided in this response to City of Springfield, Missouri RFP # 006-2024 is subject to the Freedom of Information Laws governing disclosure of public information, U.S. Bank requests to be contacted before information is made public in order to request redaction of designated specific "Confidential" information given this proposal may contain certain nonpublic information about U.S. Bancorp and its subsidiaries and affiliates that we deem proprietary and confidential. By accepting these materials, you agree to use this information only to evaluate the proposal and to hold such designated confidential material in confidence, sharing it only with your employees and advisors on a need-to-know for the purpose of choosing a service provider. Confidential information potentially included in our proposed response includes business contracts/agreements, proprietary information regarding product functionality, custom process flows, pricing, operational procedures, processing site locations, human resources statistical data, service quality statistics, service manuals, data security, disaster recovery details, SOC and SSAE18 reports, as well as implementation and disclosure documents. Publication of this information could create an unfair competitive disadvantage and/or regulatory concern. Where possible, such confidential information as outlined above will also be marked "Confidential" within our response.

The prices quoted in this proposal are firm and irrevocable for not less than 180 days until contract award and documentation. Thereafter, prices quoted will be held fixed for the five-year term of the contract. However, should volumes, quality of work provided by the City of Springfield, Missouri, or regulatory requirements significantly change, this pricing agreement may be subject to mutual renegotiation for impacted items. Notwithstanding anything contained herein to the contrary, all Treasury Management Services provided to the City of Springfield, Missouri are subject to U.S. Bank Treasury Management Services Terms and Conditions as provided for mutual negotiation and as the same may be amended from time to time. Additional new services will be offered at the same agreed upon prices if bid, or at similar offered discounts if newly requested services not previously included. If the City of Springfield, Missouri terminates Master Service Agreement for convenience before expiration of initial term, the City of Springfield, Missouri shall make U.S. Bank whole for any fees waived by U.S. Bank or other incentives provide U.S. Bank. The City of Springfield, Missouri's make-whole obligation shall be prorated based on number of days remaining in initial term.

U.S. Bank does not agree to contract terms solely by delivering this response to the City of Springfield, Missouri's RFP #006-2024. Separate contract documentation will be mutually negotiated as provided by the City of Springfield, Missouri within which the issued RFP, questions and answer responses and this proposed response can be incorporated therein. This agreement can be terminated by either party with 30 days written notice.

By your acceptance of these materials, you also acknowledge that U.S. Bancorp and U.S. Bank are not committing to extend credit or render services to the City of Springfield Missouri or any other person or entity.

"World's Most Ethical Companies" and "Ethisphere" names and mark are registered trademarks of Ethisphere LLC.

Regulatory disclaimer

Our proposal is contingent on U.S. Bank completion of required AML/KYC processes and enhanced due diligence review and approval. We look forward to working with you to obtain the appropriate information to complete that process.

Regulation W disclaimer: U.S. Bank N.A. is not responsible for the obligations of its affiliates.

Executive Summary

Understanding your needs

The City of Springfield (the City) needs a provider of comprehensive banking solutions with bench strength in both treasury services and with large municipalities and governments. The City can leverage our experience, our presence in Springfield and our understanding of your operational complexities and challenges. Your U.S. Bank team will deliver innovative processes, consistent service and financial stability.

Meeting your goals

Your U.S. Bank team stands ready to meet you where are today. Given the multi-year contract term proposed, our continued investment in a wide range of products and integrated delivery systems position us as a solid partner for the City's future as well. We are ready to examine the City's operations in a manner that facilitates more automation into daily processes. In addition, we help the City identify operational changes to make the biggest efficiency gains. We work with you to prioritize and achieve the greatest process improvements in the shortest amount of time.

Providing the right deposit and investment options

We are in a rapidly changing market environment. Your U.S. Bank team is committed to helping you achieve your objective of maximizing the earnings on your deposits. [redacted]

In addition, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

[redacted]

[redacted]

For additional information, please refer to the following attachments:

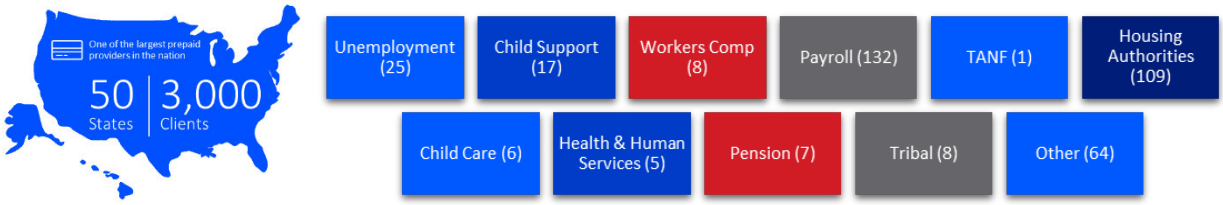
- **Attachment I.1, U.S. Bank Money Center Brochure**
- **Attachment I.2, U.S. Bank Commercial Paper**
- **Attachment I.3, ICS for additional information**

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

Continued investment in prepaid card products

As a leader in the prepaid industry for nearly two decades, U.S. Bank is adept at helping our clients determine the right payment solution. We have a wealth of experience serving clients of all sizes and across numerous industries. We currently partner with more than 3,000 clients including 382 state agencies in 47 states/districts to distribute funds via electronic payment cards.



We are an industry-leader and have extensive experience in payments, but our expertise doesn't stop with one card program. Prepaid is a strategic focus for the U.S. Bank Payments business with scale and experience to meet even the most complex disbursement needs. Our wholly owned processing platform, FSV Payment Systems, is used by 40% of the top prepaid issuers and processes more than $50 billion in loads annually to more than 2 million cardholders. Our team of more than 400 prepaid professionals provide outstanding support to our 3,000+ corporate and government clients.

Purchasing cards designed for the public sector

U.S. Bank has been providing commercial card and Virtual Pay products and services to the City since 2019, allowing the City to successfully procure, purchase and travel. As the City has expanded its program needs, we've been there as a trusted partner and the City's program has doubled since its inception in 2019.

Fully owned merchant processor, Elavon

Elavon has been a leader in processing payments for more than 30 years, leveraging the world's best technologies for our customers, from large worldwide enterprises to locally owned small businesses. We extend powerful payment solutions for all payment types and processing environments, ensuring that your business, whatever the size, remains well connected.

Elavon's Global Acquiring Solutions organization (formerly known as NOVA Information Systems in the U.S. and euroConex in Europe) was founded in 1991. Elavon, Inc. is headquartered in Atlanta, Georgia and maintains sales offices in major cities nationwide. [redacted] In July 2001, Elavon became a wholly owned subsidiary of U.S. Bank.

Superior team support with experience serving the public

Your relationship team, led by Anna Milbach, demonstrates the breadth and depth of experience that shape your daily interactions with us. With Becky Holmquist, your treasury management consultant, they guide our relationship-based service model, leading a team whose background, perspective and understanding of government operations bring invaluable insight to your program.

Not only do we specialize in banking government entities, but our Government Banking division employees have previous experience working in a variety of state and municipal offices. With an average tenure of more than 28 years, the U.S. Bank Government Banking team provide their diverse expertise and understanding of a government's detailed and specific requirements. The City can expect ongoing consultation on best practices, emerging technologies, changing regulations and other factors that may affect your banking services.

Excellence in service and implementation resources

The City can rely on our commitment to a superior client experience. Your implementation is executed against a detailed plan and managed in tandem with the City. Becky Holmquist initiates implementation with the support of a dedicated, experienced Client Integration specialist dedicated to serving government clients. Your team helps guide each assigned task to completion and confirms that each component of your plan functions with efficiency and accuracy. They ensure a smooth transition as they partner with relevant product lines and support teams.

After a successful implementation, the City employees will work with a dedicated Commercial Customer Service team. Highly skilled and extensively trained service staff respond to both routine and complex inquiries through online access to our systems and product databases.

Community commitment

U.S. Bank is committed to the City. This is evidenced by the five branches we have along with our recent partnership with the Downtown Springfield Association to provide both financial resources and

assistance to help five Black, indigenous and people of color (BIPOC) business owners open a business downtown.

More than a bank, we're part of Missouri

We live and work here

1M	Total customers
5K	Employees
152	Branches
381	ATMs

We support business

78K	Business customers[1]
32	Small Business Administration (SBA) loans[2]
$3M	SBA approved loan total[2]

We invest in the community

$10.8M	U.S. Bank Foundation and corporate giving[3]
$342K	In community development loans and investments to low-and-moderate-income communities[3]
50K	Volunteer hours[3]

Outstanding

rating received by U.S. Bank from the most recent Community Reinvestment Act (CRA) exam[4]

We make an ongoing effort to be a good neighbor, an involved civic citizen and a caring public partner through financial support and employee volunteerism.

Choose U.S. Bank

Finally, as the City examines the enclosed offer in detail, consider the strength and dedication that position U.S. Bank to deliver the proposed banking services. The City benefits greatly from our ability to focus on perfecting financial functions for our clients. Our business model, operating philosophy and financial strength allow us to allocate significant resources, both in dollars and technology, toward the enhancement and development of products and services.

The City will partner with the financial institution most capable of providing the highest level of service at the lowest cost. Our proposal delivers on that objective by offering minimized bank costs and a path to improved operational efficiency. We are confident you will find our focus on your long-term success unmatched and look forward to our future partnership.

[redacted]

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

D. Executed Addenda

U.S. Bank has received and acknowledges City of Springfield RFP # 006-2024 Addendum 1.

E. Form No. 1: Provider Profile

1. Lead Service Provider/Firm(s) (or Joint Venture) Name and Address:

We have five U.S. Bank locations within Springfield's city limits, providing multiple options for Parks and Rec team members who drop off deposits for the City. We have three additional locations within the greater Springfield area. Our downtown office is conveniently located a half-mile away from the City's offices. The address of that location is:

417 Saint Louis Street

Springfield, Missouri 65806

1a. Provider /Firm is: National Regional Local

National.

As stated in the U.S. Bank Certificate of Corporate Existence, U.S. Bank National Association, Cincinnati, Ohio, (Charter No. 24) is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking in all 50 states.

1b. Year Provider/Firm Established:

1863.

U.S. Bank is wholly owned by the holding company, U.S. Bancorp, which was incorporated in Delaware in 1929. There have been no changes of ownership since February 27, 2001, when Firstar Corporation, Milwaukee, Wisconsin and U.S. Bancorp, Minneapolis, Minnesota merged. U.S. Bancorp is located at 800 Nicollet Mall, Minneapolis, Minnesota 55402.

U.S. Bancorp was founded in 1863 (chartered July 13, 1863).

Years of Experience providing RFP identified services/project for municipalities:

U.S. Bank has served government clients throughout our history. As additional financial services became available, our government clients were offered and adopted them. Likewise, we were the first provider of government purchasing cards in the country.

Years of Experience providing Banking Services:

We began providing banking services more than 150 years ago. Each of our principal predecessor organizations created specialized depository, treasury management, credit and trust products tailored to the needs of each client. The combination of all these organizations into U.S. Bank created a strong financial institution offering the best, most highly valued products and services.

U.S. Bank Corporate and Commercial Banking history

The Corporate and Commercial Banking division of U.S. Bank has served clients since 1863.

1950s

Wire transfers available for clients to send wires outside of U.S. Bank.

1970s

- ACH transfers to other banks
- Controlled Disbursement accounts available for checks to be processed through a controlled account

1980s

- Information reporting available for clients to be able to see their bank accounts and their activity
- Personal computer dial-up service so clients could send their own wires from their location
- EDI available for business clients

1990s

- Image-enabled platform for clients to view their processed check images
- Internet check images available to clients

2000s

- SinglePoint, a web-based, one-stop suite of treasury management applications including information reporting, created
- First generation of check electronification products which leverage the advantages of Check 21 legislation with leading edge check imaging and ACH check conversion technology
- On-Site Electronic Deposit designed to increase efficiency, decrease deposit runs and concentrate deposits in walk-in environments via remote check deposit
- Introduced online payment solution for C2B payments

2010s

- Major upgrades to lockbox platform, including remote capture of payments
- Remote safe services/cash recycling safes
- Introduced liquidity advantage and hybrid checking
- Mobile access to SinglePoint, On-Site Electronic Deposit, Deposit Express
- Delivered new electronic billing, payment and presentment solution, released as eBill Service
- Added faster payments solutions, including Zelle®, real-time payments and Same Day ACH and Payee Choice for B2B and B2C payments
- API connections across our solution set

2020s

- AP Optimizer introduced to streamline the accounts payables process and maximize working capital
- Account validation to improve security and reduce fraud
- Automated escheatment to streamline the unclaimed property process

1c. What is the state of incorporation of the entity with whom the City would contract?

Ohio.

U.S. Bancorp is a Delaware corporation and the parent company of U.S. Bank, a diversified financial holding company, traded on the New York Stock Exchange under ticker symbol USB. Presently, there are no stated plans to change this ownership status.

U.S. Bank National Association is a national bank organized under the laws of the United States.

1d. Licensed to do business in the State of Missouri: Yes No

Yes.

As a national bank, U.S. Bank is exempt from any requirement to have a state registration or local business license. In accordance with 12 CFR 7.4007(a), “[a] national bank may receive deposits and engage in any activity incidental to receiving deposits[.]” Further, 12 CFR 7.4007(b) states that "[a] national bank may exercise its deposit-taking powers without regard to state law limitations concerning: ...(6) State licensing or registration requirements (except for purposes of service of process)[.]" Upon request, U.S. Bank will provide documentation that shows the Office of the Comptroller of the Currency affirms that U.S. Bank is a validly existing national bank in Good Standing authorized to provide banking services in all states of the United States.

1e. Principal contact information: Name, title, telephone number and email address:

Anna Milbach
Government Banking Relationship Manager
[redacted]

Becky Holmquist
Government Treasury Management Consultant
[redacted]

1f. Address of office to perform work, if different from Item No. 1:

U.S. Bank employees located in a myriad of different locations would continue to provide service to the City.

2. List the number of persons by discipline that your Firm/Joint Venture will commit to the City's project or the services to be provided:

The City would be serviced by our public sector team. Experienced banker and Senior Vice President Anna Milbach would serve as the City’s government banking relationship manager. The City would also be assisted by treasury management consultant, Becky Holmquist. Becky is supported to Kerri Mayavski, treasury management support. The City would also utilize our full-service public sector, Missouri-based Commercial Customer Service (CCS) team. All work exclusively with public sector clients.

The above individuals would serve as the City’s ongoing service team. During implementation, the City would also have dedicated implementation specialists.

3. **If submittal is by Joint Venture or utilizes subcontractors, list participating firms / providers and outline specific areas of responsibility (including administrative, technical, and financial) for each firm:**

Elavon

Elavon is a wholly owned subsidiary of U.S. Bank. Our platforms do not require third-party suppliers or subcontractors in the delivery of services.

PFMAM

PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

3a. Has this Joint Venture previously worked together? Yes No

Yes.

4. **Provide a brief history of your institution with particular attention to the means and timing of your entry into the Springfield market.**

We trace our earliest roots to 1853, when Farmers and Millers Bank in Milwaukee opened its doors, eventually becoming First Wisconsin and, ultimately, Firstar. In 1891, The United States National Bank of Portland, Oregon, was chartered. In 1902, it merged into the Ainsworth National Bank but kept the U.S. National Bank name, eventually becoming U.S. Bancorp. We will not list every bank whose customers, branches, expertise and assets combined with these ancestor banks. Since 1988 alone, more than 50 banks, large and small, have helped to form our bank. On February 27, 2001, Firstar and U.S. Bancorp became the new U.S. Bancorp. U.S. Bank and predecessor banks have been present and active in the Springfield community for more than 50 years.

5. **Report all published credit ratings. Please indicate if the ratings are currently under review for an upgrade or downgrade. Provide copies of recently published reports supporting at least two of the credit ratings.**

U.S. Bancorp continues to deliver consistent, predictable, repeatable, industry-leading financial results. Our disciplined business operations at all levels give us confidence in the commitments and decisions we make, allowing us to do what's right for our shareholders, customers and communities. We have a proven track record of success, including debt ratings that are among the highest in the banking industry. We are focused on being the most trusted choice, creating the future now, driving one U.S. Bancorp and striving for simplicity to honor our commitment to strengthen financial futures together.

We are rated by the credit rating agencies Moody's, Standard & Poor's (S&P), Fitch and DBRS.

Credit ratings				
	Moody's	S&P	Fitch	DBRS
U.S. Bancorp				
Ratings outlook	Stable	Stable	Stable	Stable
Long term issuer rating	A3	A	A+	AA
Short term issuer rating	N/A	A-1	FI	R-1 (middle)
Senior unsecured debt	A3	A	A	AA
Subordinated debt	A3	A-	A-	AA (low)
Junior subordinated debt	Baa1	N/A	N/A	N/A
Preferred stock	Baa2	BBB	BBB	A
Commercial paper	P-2	N/A	FI	N/A
U.S. Bank National Association				
Long term issuer rating	A2	A+	A+	AA(high)
Short term issuer rating	P-1	A-1	FI	R-1(high)
Long term deposits	Aa3	N/A	AA-	AA(high)
Short term deposits	P-1	N/A	FI+	N/A
Senior unsecured debt	A2	A+	A+	AA(high)
Subordinated debt	A2	A	N/A	AA
Commercial paper	P-1	A-1	N/A	N/A
Counterparty Risk Assessment	A1(cr)/P-1(cr)			
Counterparty Risk Rating	A2/P-1			
Baseline Credit Assessment	a2			

Our debt ratings are also available at: https://ir.usbank.com/investor-relations/financial-information/credit-ratings.

6. Submit copies of the last two fiscal years' financial statements. The statements must include an auditor's unqualified opinion and appropriate notes.

The U.S. Bancorp Annual Report includes three years of financial statements and is available at ir.usbank.com/investor-relations/financial-information/annual-reports.

Call reports

Call reports are available at ir.usbank.com/investor-relations/financial-information/reports.

10-Q reports

U.S. Bancorp 10-Q reports are available by selecting Quarterly Filings from the dropdown menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

10-K reports

U.S. Bancorp 10-K reports are available by selecting Annual Filings from the dropdown menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

F. Form No. 2: Key Outside Consultants:

Not allowed. Services provided cannot be subcontracted out to other Service Providers.

Page left blank intentionally.

G. Form No. 3: List of References and Experience

Banking and Purchasing Card References

[redacted]

Merchant Processing (Elavon) References

[redacted]

H. Form No. 4: Resumes Of Key Personnel

Anna Milbach	
a. Name and Title:	Anna Milbach U.S. Bank Government Banking Relationship Manager Senior Vice President [redacted]
b. Project Assignment:	Relationship Manager
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

[redacted]

Becky Holmquist	
a. Name and Title:	Becky Holmquist U.S. Bank Government Treasury Management Consultant Vice President [redacted]
b. Project Assignment:	Treasury Management Consultant
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

Jon Bell	
a. Name and Title:	Jon Bell Client Executive [redacted]
b. Project Assignment:	U.S. Bank Small Business – Public Sector

Jon Bell	
c. Name of Service Provider/Firm with which associated:	Elavon
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	
f. Current Registration(s):	
g. Other Experience and Qualifications relevant to the proposed project:	

Lelia Voss	
a. Name and Title:	Lelia Voss President, Corporate Commercial Relationship Manager [redacted]
b. Project Assignment:	President/Commercial Relationship Manager
c. Name of Service Provider/Firm with which associated:	U.S. Bank
d. Years of Experience: With this service provider/firm ___ other service providers/firms ___	[redacted]
e. Education: Degree(s)/Year/Specialization	

Lelia Voss	
f. Current Registration(s):	[redacted]
g. Other Experience and Qualifications relevant to the proposed project:	

I. Form No. 5: Project Approach Narrative

Use this space to provide a detailed project approach including but not limited to: • Project schedule and detailed approach is reasonable/responsive to City's needs; • Roles of all involved parties clearly identified; • Identify/recognize critical or unique issues specific to the project and successful critical or unique approaches used elsewhere; • Proposed communication process. Provide concise information in the following format:

I. Banking Services

1. Account Information

a. All deposits of the City shall be placed in an interest-bearing account or one that uses a nightly repurchase sweep feature. The interest rate calculation method should be explained.

We are recommending an interest-bearing account and have described that below. We have also provided some options to further optimize earnings for the City.

[redacted]

Additionally, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

[redacted]

[redacted]

For additional information, please refer to the following attachments:

- **Attachment I.1, U.S. Bank Money Center Brochure**
- **Attachment I.2, U.S. Bank Commercial Paper**
- **Attachment I.3, ICS for additional information**

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

b. Indicate in your proposal the method of notifying the City of items that are rejected and the cutoff time for the City to provide payment instructions to the bank.

We provide the City a daily notification of exception items. You are notified of exception items by 9 a.m. account processing time. The City must submit pay/return decisions by 3 p.m. account processing time. Positive pay automates check reconciliation. Your approved exception items are paid and automatically added to the issue file.

c. Workforce Development: We require a method of issuing monies on bank cards to enrolled participants.

U.S. Bank acknowledges and will meet this requirement.

d. The City requires all transactions be available on the online banking website within twenty-four (24) hours.

U.S. Bank meets this requirement. SinglePoint is available 24/7.

e. The City requires a CD-ROM or similar device of all canceled checks with front and back images as well as deposit slips and any other adjustments for all bank accounts. A searchable device is preferred.

As part of our digital transformation and environmental initiatives, we no longer offer CD-ROMs with historical reporting data; however, we have digital alternatives such as an Image File Delivery, access to 10 year history of images through SinglePoint and multiple reporting options to export for archiving and other purposes. You can also select an extended retention reporting option of 12 or 24 months for SinglePoint transactions.

2. Deposits

a. Describe deposit bag process and deposit slip coding available to assist with location reconciliation.

Branch services

Cash and check deposits that arrive at our branch office by the established branch cutoff time are given same day ledger credit and available to view within SinglePoint previous day reporting or via BAI file on the following business day. The cutoff for our St. Louis Street branch is 5 p.m., Monday – Friday.

We offer two deposit reconciliation tools to track deposits by a specific location or deposit ID number.

- **Deposit reconciliation**—Multiple locations can make deposits into a single U.S. Bank account and still identify deposited funds by location, store, department or day of deposit. This increases your control over depository activity while allowing single account usage. Deposits are reconciled with your checking account statement. We recommend consistent use of unique, MICR-encoded deposit tickets for each location. A variety of reconciliation reports assist with reconciling deposited items.
- **Deposit recap**—Track deposits made by all your locations into a single account. Using unique, pre-encoded deposit tickets for each location, you receive deposit details and subtotals by your locations on the checking account statement.

b. Briefly describe the controls in place at your vault operations to ensure accurate and timely counting of coins and currency. How are disputes handled?

Cash and check deposits that arrive to our vault by the established dock deadline are given same day ledger credit and available to view within SinglePoint previous day reporting, or BAI file, on the following business day. Cash only deposits may appear on SinglePoint and BAI transmission current day balance reporting, if processed by 4:30 p.m. CT and depositing to a non-Focal Point Plus account. We utilize a dual control environment for processing cash transactions. Dual control measures are defined as two bank employees or one bank employee plus a security camera.

Paper adjustments are made for deposits that contain checks, with adjustment copies accessible via SinglePoint. Electronic adjustments are made for cash only deposits and are not viewable on SinglePoint.

Unique descriptions and client location/store number IDs in the information reporting application report make cash vault discrepancies easy to identify. If requested, you may receive our Special Vault report that contains information on the deposit breakdown, adjustment reason, counterfeit note details (only for transactions process by a U.S. Bank owned vault), bag ID and serial number from the deposit ticket.

c. Provide a map of Springfield showing the location of branch offices. Indicate which branches

[redacted]

d. Provide a deposit availability schedule.

Please refer to **Attachment I.4, National Premier Availability Schedule**.

3. Check Clearing

a. Describe the process for handling returned checks.

Timely information and effective procedures for handling returned items are essential to managing risk and cash flow when accepting payments. Our image-based system allows you to choose from a variety of services to best meet your needs for handling your returned items. The City can reduce costs of returned items by automatically re-depositing all first time returned non-sufficient fund (NSF) and uncollected funds items or define a dollar threshold for items to be re-deposited.

You may choose from email or fax notification for same day notice of returned items including images of your returned items. You can choose to receive notification for all returned items or only those that meet a dollar threshold, as well as choose the frequency of notifications from as often as hourly or as seldom as end of day.

Our daily reporting options can also include optional keying of maker name information. Images are available with each option on the business day following the processing of the returned items.

- **Image Access**—Includes MICR data, return reason and optional maker information
- Information Reporting Previous Day Detail—Includes check amount and return reason
- **Consolidated Returned Item report**—Includes paper returned items as well as ACH returns for items converted by On-Site Electronic Deposit or Electronic Cash Letter Deposit
- **Returned Item Decisioning**—Allows review and disposition of eligible returned items

b. Describe the stop payment and voided check procedures.

The City can place stop payments in SinglePoint or by calling Commercial Customer Service (CCS).

Stop payments may be requested at any time during business hours. We cannot guarantee a stop payment will be enforced during the first 24 hours, because the check may have already been cashed by a teller.

SinglePoint provides a check paid inquiry function to verify the check has not cleared before placing the stop payment. SinglePoint checks the last 90 days of posted check transactions to verify nonpayment. If the check has been paid in the last 90 days, a message displays indicating the check has been paid.

For manual stop payments (paper checks), the system doesn't verify if a check has been paid before it accepts the stop payment.

The default for a SinglePoint Stop Payment is 12 months; optional expiration periods of six or 24 months are available.

For manual stop payments (paper checks), the length of a stop payment order is 24 months.

You can use SinglePoint to either renew the existing stop payment or place a new stop payment after the original stop has expired. You can also access a weekly report that displays stop payments set to expire that week.

For manual stop payments (paper checks), you can choose to either renew the existing stop payment or initiate a new stop payment when the current order expires.

Stop payments can be requested for ranges of checks. SinglePoint Stop Payments supports a range of up to 50 items.

For manual stop payments (paper checks), a range of checks can be requested. There is no limit on the range.

Stop payments may be requested in SinglePoint Monday through Saturday, from 6 a.m. – 10 p.m. CT. We cannot guarantee stop payment enforcement during the first 24 hours, because the check may have been cashed by a teller.

c. How long are stop payments effective?

The default for a SinglePoint Stop Payment is 12 months; optional expiration periods of six or 24 months are available.

For manual stop payments (paper checks), the length of a stop payment order is 24 months.

d. Are stop payments automatically extended?

Optional expiration periods of six or 24 months are available.

e. Describe the City's liability exposure for fraudulent checks.

Liability for fraudulent checks is fact dependent and therefore it is not possible to describe the allocation of liability prior to the occurrence of an incident. If a fraudulent check was paid off the City's account, U.S. Bank would work with the City to file a fraud claim and attempt to recover the funds from the financial institution which took the check for deposit. If recovery was not possible, the Bank would work in good faith with the City to determine the appropriate liability of the parties.

Check fraud continues to be one of the most prevalent types of fraud. Payee Positive Pay can certainly reduce the City's liability. Additionally, U.S. Bank is committed to helping the City continue to reduce the volume of checks written. ACH with proper internal controls when setting up and changing bank information is an alternative payment option, as well as wires and real-time payments. The payment type with the lowest occurrence of fraud is Payment Plus, our virtual card payment solution.

U.S. Bank is committed to assisting the City in maximizing its P Card program to move as much Accounts Payable volume to Payment Plus as possible.

4. Online Banking Services

a. Provide a description and examples of the bank's software products and services.

SinglePoint enables the City to achieve new levels of efficiency by bringing our powerful banking services together into one easy-to-use website with a single point of access for all your global treasury management service needs. A fully integrated, wholly owned online suite of treasury management services, SinglePoint does not require dedicated PCs or software installation.

In one location, you can:

- View, manipulate and download images
- Transfer and manage payments
- Process and deposit collections
- Prevent fraud
- Manage employees' system use

Access all your treasury needs with one user ID and password

- **Monitor account activity**
- **Transfer and manage money**
- **Act globally**
- **Prevent fraud**
- **Control access and stay informed**

Monitor account activity

- Account reconciliation
- Adjustments
- Image access
- Image file delivery
- Information reporting
- Lockbox wholesale
- Lockbox image look
- VantagePoint®
- Account services
- Asset-based loan information
- Returned item decisioning
- General ledger reconciliation
- Cash forecasting
- Mobile SinglePoint
- Reports file delivery

Transfer and manage money

- ACH services
- Cash vault
- Electronic cash letter deposit
- On-Site Electronic Deposit
- Wire and book transfers
- Real-time payments
- Check payables
- Investments and trusts
- Disbursements via *Zelle*®

Act globally

- International ACH and wire transfer
- International remittance calculator
- Foreign Exchange Web (FX Web) Global trade
- International information reporting

Prevent fraud

- Positive pay services
- Issue maintenance
- Stop payments
- IP whitelist service
- IBM® Security Trusteer Rapport™

Control access and stay informed

- Customer service
- External messaging
- System administration
- Dashboard and personal settings
- LaunchPoint
- Service guide

You initiate ACH, account transfer and wire transfer services from separate pages in SinglePoint. However, our systems are integrated, so each transaction type requires only the information unique to that type of transaction. The remaining fields are checked and populated from a common data source.

Reports can be scheduled at any time throughout the day. Reports are delivered via transmission or secure email at the specified time. Fax and email reporting options allow users to receive current and/or prior day reporting at a preset time without logging in. Certain time-critical functions, such as positive pay approvals and positive pay decisions, can also be accessed via a web-enabled mobile device through Mobile SinglePoint.

All the tools you need to manage your program in one place	
Mobile SinglePoint	Designed specifically for users who need access to cash management tools when they're away from a computer. View: ▪ Key balance information on domestic and international accounts ▪ Current day reports (e.g., ACH Summary and Detail, Wire Detail and Lockbox Summary)
SinglePoint External Messaging	Enhance process efficiencies by utilizing over 200 unique messages, configured and routed to various destinations, including email addresses and SMS messages to mobile devices, ensuring key items receive attention.
	Manage your financial position with superior reporting tools. SinglePoint provides account summary, detail and transaction information. The City will benefit from:

All the tools you need to manage your program in one place		
SinglePoint Information Reporting	▪ Simplified daily account reconcilement ▪ Easy funds transfers ▪ Customizable searching ▪ Flexible standard and special reporting	▪ Customize reports with robust filtering ▪ Manage delivery of reports via email or transmission ▪ Current day returned item decisioning
Data retention	▪ **Previous day data**—Four months ▪ **Current day data**—10 calendar days ▪ Additional retention periods available	
System administration	Administrators can add, copy and reuse user profiles to set up new users. They can also modify user entitlements, account access and transaction limits at any time with immediate updates. Dual system administration offers added control – all changes to user access or limits require a second system administrator approval to process.	
Security	SinglePoint protects account information with the most current and proven technology available, including: ▪ [redacted]	

b. Fees associated with online banking services should be listed on Form No. 6A: Banking Services Fee Schedule.

Please refer to Form No. 6A: Banking Services Fee Schedule.

c. Describe reporting capabilities and provide examples.

Information reporting

The City can access SinglePoint Information Reporting services every day, 24 hours a day, except for a six-hour maintenance period in the early morning hours on Sundays.

- Previous day information—Available by 6 a.m. CT
- **Current day information**—Available by 7 a.m. CT and updated throughout the business day until 5 p.m. CT (data load dependent on previous day information loading first)

d. Describe security features such as multi-factor authentication and audit logs.

[redacted]

The City benefits from SinglePoint's additional levels of security

[redacted]

[redacted]

Your SinglePoint system administrator serves as the City's security manager. We assign the system administrator at set-up after all necessary clearance documents are processed. Your system administrator:

[redacted]

Audit features include:

[redacted]

e. What are the cutoff times for wires, ACHs, and transfers?

Cutoff times for same-day wire transfer initiation (Central)

Cutoff times vary by type of wire transfer.

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
Domestic same-day						
Internal/book	6 p.m.		4:45 p.m.	5:15 p.m.		6 p.m.
Drawdown	5 p.m.	5:30 p.m.				N/A
Fedwire						5:15 p.m.
Federal tax payment	2:30 p.m.		N/A		2:30 p.m.	N/A
Domestic future-day						
Book and Fedwire	6:30 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	No deadline
Drawdown						N/A
Federal tax payment	2:30 p.m.		N/A		2:30	N/A

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
International same-day*						
U.S. dollar	4:30 p.m.	4:55 p.m.**	4:45 p.m.	5:15 p.m.**		
Foreign currency	4 p.m.					
International future-day*						
U.S. dollar	6 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	
Foreign currency	N/A					

*International same-day refers to the wire transfer being sent to the foreign bank today. International wires to major foreign banks generally post funds to the beneficiary account within two business days. For some countries and/or smaller banks, a few extra days may be required.

** For international same-day U.S. Dollar direct wire, SinglePoint and SWIFT initiation, the cutoff for payments above $1 million may require a 4:30 p.m. CT cutoff.

We grant immediate credit for transfers received by cutoff.

Domestic

- Internal/book—6 p.m. CT
- Drawdown and Fedwire—5:45 p.m. CT

International

- U.S. dollar—6 p.m. CT
- Foreign currency—4 p.m. CT

The City may initiate a transaction via:

- **ACH Direct File Transmission**—Accepts industry standard and proprietary data formatted files and provides confirmation notice that file was received
- **SinglePoint ACH Origination**—Allows manual entry of transactions and import in Nacha, comma-separated value (CSV) and fixed length file formats (immediate detailed audit and activity reporting available)
- **Third-party service providers**—Originate ACH transactions through U.S. Bank using third-party service provider
- **ACH Originations via API**—ACH origination via API allows clients to send payment instructions for ACH transactions to U.S. Bank using a Representational State Transfer (REST) Application Programming Interface (API)

U.S. Bank ACH initiation cutoff times (Central Time)

Input method	Standard ACH deadlines	Same day ACH deadlines for transit items*	Same day transfer deadlines for on-us items (U.S. Bank accounts only)
SinglePoint ACH Origination (web)	10:45 p.m.	1:45 p.m.	3 p.m. for afternoon posting 9 p.m. for end-of-day posting
ACH direct file transmission – Nacha Format	11:30 p.m.	2:30 p.m.	3 p.m. for afternoon posting 10:30 p.m. for end-of-day posting
ACH via data translation services	10 p.m.	1:15 p.m.	Not applicable
Consolidated payables			
ACH adjustment requests	7 p.m.	2:30 p.m.	3 and 7 p.m.
ACH positive pay exception decisions	7 p.m.		
ACH Originations via API	10 p.m.	2 p.m.	3 p.m. for afternoon posting 9 p.m. for end-of-day posting

*The deadline for same business day on-us processing when sending a file in EDI or custom format is 4 p.m. CT.

Our ACH data warehouse retains future-dated transactions for up to 30 days from the initial transaction. You may schedule future-dated transactions through SinglePoint ACH Origination up to 10 years into the future. SinglePoint stores ACH file information in its own database until two days prior to the effective date and files are queued for processing (scheduled transactions do not affect your risk limits until then).

We follow established Nacha guidelines for posting ACH entries and making funds available on the effective date. We send and receive files from the ACH network operators several times throughout the day.

- Credit transactions posted from morning processing windows by 9 a.m. CT (transactions are considered collected and affect collected balance)
- Debit transactions memo-posted during same windows and hard-posted at end of day (debit transactions affect collected balance)
- Transactions received from the ACH network with a same day effective date are posted during the afternoon and affect collected balance

f. Are wire and ACH templates available?

Yes. Both wire and ACH templates are available.

g. Do you provide phone wire, ACH, and transfer service in the event your online banking platform is down?

Yes.

h. Can we access cleared check images and for how long? What is the cost associated with accessing and/or storing images?

SinglePoint Image Access

The City can retrieve and review sharp, detailed images of all paid checks, deposit tickets, deposited checks, paper debit and credit memos online. Images of returned deposited items, advices, image cash letter (ICL) deposited items and ICL administrative returns are also available. Ease of use is built into each component.

The flexible search tool lets you search by transaction type, account number (or all accounts), check number, amount or date. Prefilled dropdown selections make criteria selection fast. Sort search results by any column with one click. Search results can also be downloaded for further research.

The image viewer offers front and back, zoomed in and out, rotated and inverted views. You can zoom directly to the endorsement, signature line, routing number or bank-of-first deposit. You can save images for historical reference and paid check confirmation. Front and back images can be saved as standard PNG or ZIP files. You can print multiple images at a time.

SinglePoint Image File Delivery

The City can receive a transmission of images and associated index information on a daily, weekly or monthly basis using standard internet-based File Transfer Protocol (FTP) methods. Images can be imported into your own image archive – allowing you to quickly and easily research and respond to customer inquiries.

SinglePoint Information Reporting

SinglePoint provides online image enhanced reporting for 12 or 24 months.

i. What is the notification process for rejected items including NACHA files, ACHs, wires, and transfers?

Copies of returned and redeposited items can be sent hourly or at end of day by email or fax. Returned items can be viewed and a decision to redeposit or return can be made on the current day using SinglePoint Returned Item Decisioning. Redeposited items can be viewed online next business day using SinglePoint Information Reporting Previous Day Detail or Image Access.

Our standard service is to chargeback item(s) to the deposit account on the first return. We do not automatically redeposit any item without special instructions. [redacted] items are processed in an image-based environment using some of the most sophisticated Touchless Returned Item Processing System (TRIPS) software in the industry.

You can establish special instructions for: redeposits, email or fax notification, mail advices/items to an alternate address, charge items to an alternate account or provide duplicate advice copies. Transmission of returned item information with the option of including images is also available. Online decisioning for current day items and reporting of previous day detail is available through SinglePoint. Special instructions are available by account or location.

5. Wire Transfers

a. State your cutoff times for same day credit/debit of outgoing/incoming wire transfers.

Outgoing wires

Cutoff times for same-day wire transfer initiation (Central)

Cutoff times vary by type of wire transfer.

	Voice (phone)	Direct wire	Batch wire translation	Batch wire standard	SinglePoint	SWIFT
Domestic same-day						
Internal/book	6 p.m.		4:45 p.m.	5:15 p.m.		6 p.m.
Drawdown	5 p.m.	5:30 p.m.				N/A
Fedwire						5:15 p.m.
Federal tax payment	2:30 p.m.		N/A		2:30 p.m.	N/A
Domestic future-day						
Book and Fedwire	6:30 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	No deadline
Drawdown						N/A
Federal tax payment	2:30 p.m.		N/A		2:30	N/A
International same-day*						
U.S. dollar	4:30 p.m.	4:55 p.m.**	4:45 p.m.	5:15 p.m.**		
Foreign currency	4 p.m.					
International future-day*						
U.S. dollar	6 p.m.	N/A	4:45 p.m.	5:15 p.m.	No deadline	
Foreign currency	N/A					

*International same-day refers to the wire transfer being sent to the foreign bank today. International wires to major foreign banks generally post funds to the beneficiary account within two business days. For some countries and/or smaller banks, a few extra days may be required.

** For international same-day U.S. Dollar direct wire, SinglePoint and SWIFT initiation, the cutoff for payments above $1 million may require a 4:30 p.m. CT cutoff.

Incoming wires

We grant immediate credit for transfers received by cutoff.

Domestic

- Internal/book—6 p.m. CT

- Drawdown and Fedwire—5:45 p.m. CT

International

- U.S. dollar—6 p.m. CT
- Foreign currency—4 p.m. CT

b. Describe security features your bank has in place to ensure the integrity of your wire transfer system.

U.S. Bank security safeguards

Voice

[redacted]

Internet: SinglePoint

[redacted]

CPU to CPU: Batch Wire and Direct Wire

[redacted]

c. Describe the City's liability with respect to the ability to reclaim outgoing wire transfers transacted in error. Describe the bank's liability for outgoing wires transacted without proper authorization by the City. Who is liable if fraud occurs during the authorization process?

For outbound wire transfers, we accept the order when it is processed by the Federal Reserve.

Liability for fraudulent wires is fact dependent and therefore it is not possible to describe the allocation of liability prior to the occurrence of an incident. If a fraudulent wire was paid off the City's account, U.S. Bank would work with the City to file a fraud claim and attempt to recover the funds from the financial institution which accepted the wire. If recovery was not possible, we would work in good faith with the City to determine the appropriate liability of the parties.

6. ACH Transactions

a. The City requires the ability to place a filter on incoming and outgoing ACH payments.

U.S. Bank ACH Filter and Block enables the City to protect deposit accounts against unauthorized ACH debit and/or credit transactions. Business eCheck block is also available and allows you to block WEB and TEL payment types and the converted check payment types: ARC, POP and RCK.

Additionally, you can use SinglePoint ACH Positive Pay to add new authorizations to your accounts online. Authorizations are a set of rules you can establish to determine which incoming ACH credits and debits should be allowed to post to your accounts.

The ACH block service effectively blocks all ACH debit transactions, except generated settlement items and reversals allowed under the Nacha rules. You can also configure the ACH block service to block all incoming credits.

7. Electronic Deposits

a. Provide a brief description of the service available. Address the following items:

The City can reduce desk float, errors and the unnecessary risk associated with processing paper checks when you deposit checks online with U.S. Bank On-Site Electronic Deposit. The City will save time and money, allowing you to consolidate banking relationships and make check deposits from your remote locations.

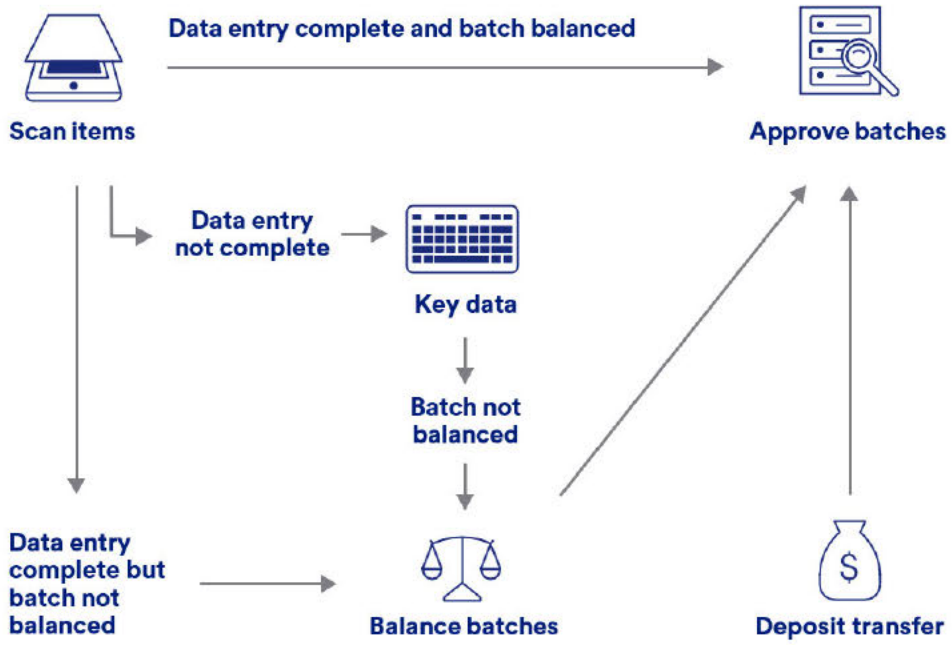
Checks can be deposited as soon as they are received at your location, increasing productivity and reducing the risk of employees transporting deposits to the bank. On-Site Electronic Deposit allows deposits to be made at anytime and anywhere with a supported mobile device. Distributed workforces collecting check payments can meet daily cutoff times and improve funds availability.

On-Site Electronic Deposit's flexible and configurable system meets the business needs of your organization and:

- Enables automatic capture of check and remittance data
- Include images of remittance coupons and full-page documents

Payment processing is expedited and automatically posts payment information to your accounts receivable systems.

SinglePoint allows you to view extensive reporting options for deposit, transmission and remittance data, as well as access images of checks and remittance items for more than two years. Remittance data can be downloaded or sent via transmission for automated posting to your accounts receivable system once or multiple times per day.



All costs associated with this service including but not limited to equipment, per item charge and maintenance (monthly service charge should be included) and any other costs.

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

Provide information on cut-off times and availability.

Deposit deadlines (Central Time) for same-day ledger credit of funds are listed below.

Deadline description	Deposit deadline	Bank processing time[1]
First deadline	8 a.m.	10 a.m.
Morning	10 a.m.	Noon
Mid-morning	11 a.m.	1 p.m.
Mid-day	1 p.m.	2 p.m.
Early afternoon	2 p.m.	4 p.m.
Late afternoon	4 p.m.	6 p.m.
Early evening	6 p.m.	8 p.m.
End-of-day	10 p.m.	Midnight

[1]Bank processing time is an estimate

There are no additional fees associated with later deadlines.

8. Pay Cards

a. The City will need to know the approved ATM network(s), any transactions that will result in a cost, the cost to the City to issue the card, costs of card replacement, and any other back-office support costs.

To meet the City's need to disburse funds to employees and Workforce Development program participants, U.S. Bank recommends our Focus Card and Focus Non-Payroll Card programs—the same reliable, easy to use programs that the City used previously for payment disbursements to your employees and participants. The Focus Card program is used for employee wage payments. Focus Non-Payroll is commonly used for incentives, expense reimbursement and other non-payroll disbursements. [redacted] A complete listing of cardholder fees for the Focus Card and Focus Non-Payroll Card are provided in **Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal**.

All our prepaid cards provide recipients with an electronic payment option that is issued in a familiar, card-based format while being issued by U.S. Bank, a name they can trust. Prepaid cards are an ideal solution for recipients who lack access to traditional bank accounts. Recipients do not have to undergo a credit check or have a bank account to get or use a prepaid card, allowing electronic payment to unbanked and underbanked recipients. Since no credit is extended to these card programs, the recipient only has access to the amount you authorize.

For the recipient, a prepaid card carries the Visa® brand, making it flexible and easy-to-use (accepted almost everywhere). The card can be implemented seamlessly into your traditional payment process as an ACH payment. [redacted]

The primary difference between the two programs is the types of payments allowed:

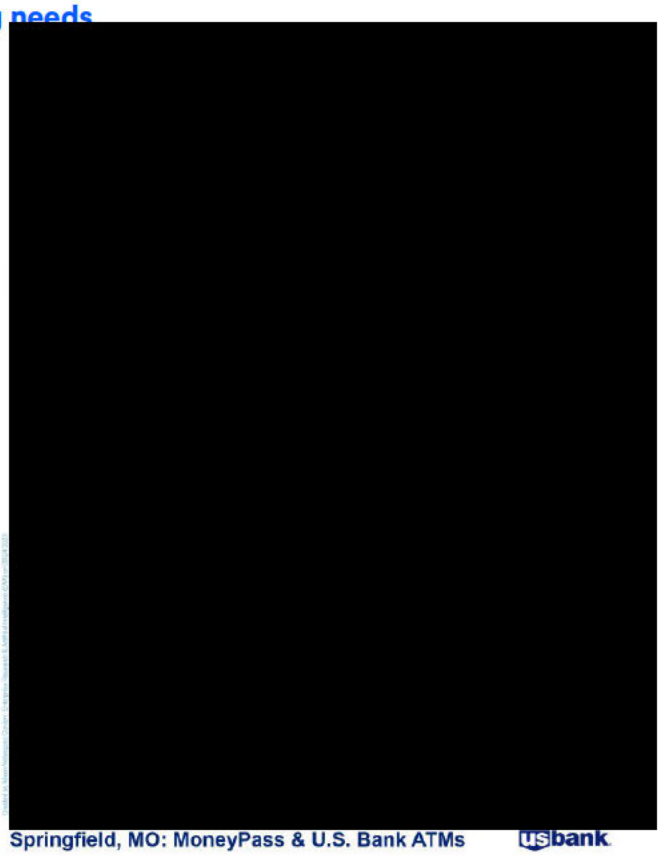
Focus Card	Focus Non-Payroll Card
Used for payroll, termination pay and other employee wage payments such as commissions and bonuses.	Used for recurring payments that are non-payroll disbursements such as incentives and awards, per diems/expenses and 1099 contractors.

The basic card features and functionalities of Focus Card and Focus Non-Payroll Card are similar. Cardholders can use either card at a wide range of merchants that accept Visa, obtain cash at ATMs and monitor their balance and purchase history via our customer-friendly website and mobile app.

Card programs support everyday purchasing needs

For the cardholder, the prepaid card allows them to receive money immediately and to use it as they wish—by making purchases, obtaining cash or leaving funds on the card until needed. The prepaid card carries the Visa brand enabling it to be used wherever Visa debit is accepted for both signature and PIN-based purchases. Key cardholder benefits of the card include:

- **Make purchases almost anywhere, locally, nationally and online**—The prepaid card carries the Visa brand, allowing it to be used for both signature and PIN-based purchases at more than 57 million domestic and nearly 200 million international POS locations, many of which offer cash back at the point of sale. Additionally, it can be used for online or phone purchases.
- **Instant access to funds**—Just like a traditional bank account, your cardholders will have access to their money as soon as funds are deposited onto the card.
- **Safer than cash**—FDIC insured programs, with Zero-Liability and Purchase Security, help protect cardholder funds.



Springfield, MO: MoneyPass & U.S. Bank ATMs

- **Cash access at ATMs and all Visa banks**—For the recipient, the cards function in a similar manner as a traditional debit card and provide free cash access at more than 44,000 in-network U.S. Bank and MoneyPass ATMs and 97,000 Visa member banks and credit unions in the United States.

Current U.S. Bank Prepaid ATM Network

Transaction type	Network	Springfield	Missouri	U.S.	World
ATM cash withdrawals (In-network)	U.S. Bank MoneyPass	67	1,180	44,700	44,700
ATM cash withdrawals (out-of-network)	Visa Plus	663	11,157	681,000	2,300,000
Teller withdrawals (Visa-affiliated financial institutions)		124	2,663	97,250	531,100
Total access points		**854**	**15,000**	**822,950**	**2,875,800**

Furthermore, we equip your recipients with the tools they need to utilize their cards. Cardholders will have multiple options to help them get information and keep track of their account. They can contact our customer service center free of charge at any time as our support lines are available 24/7. Cardholders may obtain customer support via:

- **Cardholder website**—For your cardholders, managing the funds on their card goes beyond simply knowing their total balance. From paying bills to finding a nearby ATM, our easy-to-use cardholder website offers cardholder's wide-ranging functionality, allowing them to manage their accounts in a similar manner as a traditional bank account. All cardholders receive secure, unlimited access to the cardholder website, which is available 24/7.

- **Mobile app**—For convenient access at any time, the mobile app provides the most popular features and functionality available as the online website. Cardholders can proactively check their account balance, receive automatic alerts, view mini-statements on-the-go and locate in-network ATMs.
- Customer service center
- **Live agent support**—Support is provided in English 24/7, in Spanish during business hours and via a language line interpreter service 24/7 covering nearly 200 languages.
- **IVR support**—Provides cardholders toll-free, 24/7 automated access in both English and Spanish. The IVR system allows cardholders to obtain account information, complete routine service requests and speak to a live customer service agent, if needed.
- **Email and text alerts**—Cardholders can enroll in automated alerts for a variety of notices via our cardholder website.
- **Two-way text alerts**—Cardholders can use two-way texting to receive a variety of updates, including but not limited to real-time card balance and recent transactions.

Managing your card program

U.S. Bank provides a secure online administrative portal that allows you to manage the entire program in real time and have access to all program data. Through the administrative portal your team will have access to issue and fund cards at any time. Card inventories can easily be managed using our inventory management system which set reorder points and automatically sends additional cards when stock is depleted.

With 24/7 availability, this comprehensive administrative portal rolls all program functions into one, user-friendly interface to make management of the card program as simple as possible. This system allows your administrators to monitor program activities such as:

- Enroll cardholders – file upload or individually
- Fund card accounts
- Confirm enrollment and funding processing
- View adjustment (funding) account information
- Locate routing/card account information
- Create, view and export reports
- Search cardholder information:
- Look up existing cardholder account info
- View cardholder status
- Account verification
- Edit cardholder demographic information

Access to the administrative portal is securely controlled through the use of unique user IDs and passwords. For added security and to ensure only authorized individuals are able to load cards and view sensitive information, your administrators are assigned user roles and permissions enabling them to complete only the necessary tasks related to their job description. Different role and permission configurations are assigned to each user and drive different access levels and functionality, such as viewing data, running reports and funding cards. The City will determine how the roles and permissions are assigned to their administrators, giving you control over who has access to varying levels of information and functionality within the portal.

Easy enrollment and funding options

Information required for cardholder enrollment includes:

- First and last name
- Date of birth (DOB)
- Physical address
- State of employment (Focus Card only)

We do not require Social Security number (SSN) or another unique identification number, such as Individual Taxpayer Identification Number (ITIN), but it may also be used if necessary. To help us improve the customer service experience, we request that the City provide us with the cardholder's mobile phone number and email address. Additional elements may be incorporated if the City requires them, such as employee ID.

We support the following options for enrollment file/information transfer:

- **Manual data entry**—New recipients can be individually enrolled directly on the administrative portal in real-time
- **Batch file uploads**—Multiple recipients can be enrolled at any time by uploading a CSV file

[redacted]

Upon processing of the enrollment file, all personalized cards are sent for production and shipped first-class mail via the U.S. Postal Service (USPS). Our card fulfillment provider is a USPS hub which helps to ensure prompt delivery of cards to recipients.

We follow industry leading security procedures and protocols for card production, including only distributing cards as inactive and requiring cardholders to activate the card and select a unique PIN once they receive it. Our standard reports indicate whether the card has been activated and the date of activation.

Flexible funding options

Cards are funded through the use of a primary funding account that is pre-funded by the City through a standard ACH. Use of the primary funding account enables your administrators to transfer funds to individual card accounts in real-time through our administrative portal. By using an account-to-account transfer, funds are available for immediate use by recipients. You can also fund cards using ACH direct to the card and batch file funding.

Standard reporting

Through our secure prepaid administrative portal your team will have 24/7 access to reports which can be generated as frequently as needed. We provide a series of standard reports that recaps the status of your entire program. Our standard report formats include a range of reports that allows your team to closely monitor your card program.

Each report is query-based, allowing you to run them for the exact timeframe needed to support your reporting requirements. Reports can be run for any period of time up to 31 days in duration – allowing you to produce report for monthly, month-to-date or any time period up to 4-weeks.

Query results pull from all available data, which includes as recently as the previous day's activity and as far back as 12 months in arrears. Self-generated reports can be exported in Excel or Word formats for ease of customization and consolidation of information. There are no fees associated with our standard reports. The only technical requirement for accessing our reporting system is a standard web browser.

Streamlined implementation

Our proven and tested implementation methods make transition and launching a new prepaid card program easy. To streamline the implementation, U.S. Bank will assign a dedicated onboarding manager to coordinate and oversee the end-to-end process. Our onboarding manager follows industry-leading Project Management Institute (PMI) principals and is vigilant in continually monitoring all aspects of the onboarding process such as assigning responsibilities, scheduling meetings, tracking task status and identifying risks quickly to help ensure the ultimate success of your implementation.

We generally allow approximately eight to 10 weeks to implement the card program (card customization and technical integration may require additional time). Through our implementation discussions, we establish the framework for program development that allows us to put all the necessary administration pieces into place, including our formal project plan documentation that outlines the logistics and scheduling of each step in the implementation. This project plan will be used as our guide to track progress during the rest of implementation. The project plan provides a big-picture illustration of key project milestones and timeframes, roles and responsibilities for both our team and yours, as well as the completion status of individual project tasks. As a living document, individual tasks can be adjusted during implementation as mutually agreed upon.

As one of the most critical components of your onboarding process, the City will experience a streamlined approach to training that equips your administrators with the knowledge and resources they need for effective program management. Our onboarding manager will schedule web-based training sessions where he or she will walk your team through all aspects of the prepaid card operations. This training focuses on:

- Understanding and navigating the administrative portal
- Establishing system users and defining permissions/roles

End-to-end support and training

Our training approach walks your team through all the steps needed for successful program launch and operation.

- Enrollment process
- Funding process
- Reporting process

These training sessions provide your administrators with the knowledge they need to manage the program on a daily basis and train additional administrators. In addition, our administrative portal has built-in online "How to" summaries for each major task in the system. These self-service training guides are available on a variety of topics to assist your administrator in understanding how to manage their programs better. Additional training is available as needed throughout the relationship.

Experts in program transition

Our number one goal during implementation is to make sure you and your team have the resources needed to successfully transition your program in a streamlined, efficient manner. Our implementation approach includes collaboratively assessing your program transition communication and marketing needs. For existing employees using paycards, we have the flexibility to take the approach that makes the most sense for the City and your employees. Many clients launch the program and offer the Focus Card to new hires initially, then target employees using the existing paycard and paper checks in subsequent phases of the program roll-out.

We will assist you in developing the optimal marketing and educational campaign strategy and developing the necessary collateral to inform and educate your employees about the new prepaid card. Specific marketing plans we will develop with you during implementation typically include:

- **Initial card outreach plan**—We will work with you to determine your goals for card adoption, specific groups to target and how the City wants to encourage employees to use the Focus Card for ongoing payroll payments
- **Initial communication strategy**—From workplace posters and emails to check inserts, we will work with you to develop the necessary collateral to increase employee awareness of the new option employees have to receive their payroll payments
- **Ongoing marketing materials**—In order to drive enrollments, our marketing team will work with the City to provide materials to effectively engage the use of prepaid cards by your employees

Alerting existing cardholders to the change in providers

In order to help ensure your current cardholders experience a smooth transition to the Focus Card program, we will send a letter to cardholders alerting them of the change prior to the first funding date. The letter your cardholders will receive includes:

- **Communication of change**—U.S. Bank will send this letter out approximately 45-60 days before the new Focus Card program launches. The letter will alert cardholders that the City will soon be switching from your current provider to the U.S. Bank Focus Card and to watch for additional information and instructions prior to receiving their new card.
- **Custom messaging**—The content of the letters can be modified to include messaging specific to your conversion process. We will prepare the letters and send them to your team for approval. Once approved, we will coordinate distribution based on an enrollment file of cardholders you send to us.

[redacted]

Dedicated program support

To help make the implementation of your U.S. Bank prepaid card programs smooth and efficient, we designed a client support process that includes a team of dedicated professionals. Tyler Vickery will continue to work with you through the contracting process and introduce you to our onboarding manager who leads your team through the entire onboarding process. Our relationship manager will also be part of the onboarding discussions, so they are familiar with your program from the start. Your team is also supported by our client support team of more than 20 dedicated technical specialists. With several readily available resources, your team has access to individuals who can guide you through all aspects of implementation, technical/system questions, reporting and customer service matters throughout the contract period.

Onboarding Manager

The prepaid onboarding manager is a primary contact during the prepaid program setup phase. During implementation, the onboarding manager monitors milestones, performs administrator training, hosts prepaid program calls and ensures all project tasks are completed prior to program launch.

Relationship Manager

The prepaid program relationship manager serves as the primary point of contact and escalation channel for the City, acting as a client advocate responsible for prompt resolution of issues, providing program support and training, as well as partnering with you on growth opportunities. The relationship manager is available via phone or email during regular business hours.

Client Support Team

In addition to our relationship manager, the City will also have direct access to our 20-person client support team for technical assistance. Calling the client support team is the fastest and most direct way for your team to get immediate technical support. With access to key system resources, they can see and track records to promptly assist your administrators and get concerns resolved quickly and accurately. Our client support team can be easily reached for technical support by phone or email, Monday through Friday 7 a.m. – 7 p.m. CT. And for assistance with urgent issues after hours, our on-call manager is available to respond to your message.

Partner with a bank you can trust

U.S. Bank prepaid card programs deliver a reliable, secure, efficient and convenient payment method to meet the goals of the City. They support both in-person, on-site card/payment issuance and personalized cards to recipients, while offering low cardholder fees and exceptional customer service. We look forward to discussing how our Focus Card and Focus Non-Payroll Card programs would benefit the City and the convenience they would provide to your employees and participants.

Please note that, due to the specific nature of our prepaid solutions, the prepaid contract will be negotiated separately from other banking services to reach a mutually beneficial solution between the City and the U.S. Bank Prepaid division.

II. Merchant Card Services:

1. Process Visa, Mastercard, Discover and American Express branded credit/debit card charges by our customers at each respective location.

Elavon, a wholly owned subsidiary of U.S. Bank, specializes in providing integrated credit and debit card payment processing services. We provide PIN-debit support services similar to that of credit cards. This includes transactions processing, payments, reporting, EFT BIN file, reconciliation file delivery and adjustment processing.

We support all major card brands and multiple payment solutions, including:

- Visa, Mastercard, American Express and Discover, as well as Diner's Club, JCB and UnionPay
- Debit (Accel, AFFN, CU24, Interlink, Maestro, NETS, NYCE, PULSE, SHAZAM, STAR, Interac)
- Electronic Check (eCheck/ACH)
- EBT
- Fleet (Voyager, Wright Express, Visa and Mastercard Fleet)

2. Fees associated with merchant card services, including costs and fees for PCI programs and compliance, should be listed on Form No. 6B: Merchant Card Services Fee Schedule.

Please see our completed Form No. 6B for all proposed costs and fees.

3. Functionality and Certifications

a. Service will provide efficient dispute and charge-back retrieval information. Describe the process for notifying the City of chargebacks and disputes and any related fees.

We help investigate and resolve payment disputes between a cardholder or issuer and the merchant. Chargebacks are normally initiated by the card issuer and transmitted through the payment networks to our merchant accounting system and Automated Dispute Resolution Processing (ADRP) system. When possible, auto-decisioning logic based on payment network regulations is used to automatically debit our customer and represent the chargeback.

Chargebacks that are not auto-decisioned by the ADRP system are grouped into work queues by payment network reason and usage codes. Chargebacks in the work queues are then researched by our Dispute Resolution team to determine if documentation is available to meet chargeback requirements for the transaction type and payment network. If the required documentation is available, we will represent the transaction to the issuer. If sufficient documentation is not available, our customer will receive a written chargeback notice, which will include a request for the documentation needed to support a representment.

After representment, parties may continue to dispute a transaction until a resolution has been reached. Chargeback and retrieval information, including status, is available through our online Payments Insider reporting tool.

4. Rates Disclosure & Other Items to Address

a. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

[redacted]

b. Identify the types of processing methods available – permanent terminal, virtual terminal, portable terminal, website, etc. – and the related cost of each. All processing methods and equipment must be PCI compliant.

Elavon is a participating organization of the PCI SSC and a PCI Level 1 Compliant Service Provider.

Proof of PCI DSS compliance can be found by visiting usa.visa.com/splisting/splistingindex.html and searching for Elavon, Inc.

For card-not-present business, we propose our Converge payment gateway, a single platform to support purchases made online or through a mobile application. Converge is a flexible and fully customizable solution that can be flexibly implemented to meet your payments acceptance needs. Whether supporting a secure checkout page or an integrated payment solution through our application programming interface (API), Converge offers solutions for a variety of payment types.

Converge is compatible with top shopping cart providers such as Magento, 3dcart, Big Commerce and more, while providing a variety of integration options that include the following.

Hosted Payments via the Converge Hosted Payment Page

Our customers can offer the convenience of paying online without the expense of managing sensitive card data by linking their website to a secure, Converge-hosted checkout page. Our Hosted Payment Page can be branded with custom logos and color schemes.

Cardholders enter their payment details into the hosted page to complete their purchase and Converge handles the payment processing. This solution is ideal for our customers who require a simple, secure checkout page to accept online payments.

Hosted Payments via Lightbox

This integration method offers a checkout or payment form that is compliant with Payment Card Industry Data Security Standard (PCI DSS) Self-Assessment Questionnaire A (SAQ A) and makes collecting payment information easy with no payment data touching our customer's server.

Lightbox uses an iframe to embed a checkout form as an overlay to our customer's web page. When the web page calls the checkout form, the web page darkens and becomes a transparent background; the checkout form appears as a floating element, allowing payment data to be collected without the cardholder leaving the website.

Checkout.js

Our customers can create their own Hosted Payment Page and use Converge to process payments using Checkout.js, our JavaScript library. Website developers can create something as simple as a checkout window or build a fully hosted payment page with all the bells and whistles. The PCI DSS compliance burden for integrations using Checkout.js is the same as a Hosted Payment Page.

Both options use Converge to handle payment data and process payments; however, with Checkout.js, there is no visible difference between the payment page and the rest of the website as there is with a hosted payment page. This may help preserve the look and feel of a website throughout to the checkout experience. Without the discernible difference, cardholders may be less likely to abandon the payment page since it never feels like they left the website.

XML API

Integration via an XML API is ideal for clients that want to maintain complete control of the look and feel of their online experience. Using this method, our customers collect payment data using their own servers and pass that information to Converge for processing. Cardholders never leave a website to complete a purchase, granting our customer full control of the checkout process.

c. Identify guarantees against down time.

All web browser interfaces are available 24/7 with an uptime SLA of 99.95%. Because of our dual datacenter system, downtime is minimal because if one datacenter fails, payment processing automatically rolls over to the other datacenter and uptime routinely achieves 99.99% uptime or greater. Maintenance downtime is minimal and occurs at non-peak times, such as overnight.

d. How are chargebacks and disputed charges handled?

Our Chargeback team processes an average of 190,000 chargebacks per month and 3,000 copy requests per month* and maintains an average retrieval fulfillment rate of 98.9%. Our team handles approximately 5% of chargebacks without customer involvement, which means fewer chargebacks for our customers and a lower overall cost of card acceptance.

We send chargeback notifications to you by mail, fax, email or online notification. Your operational account executive will then work with you to resolve the chargeback quickly and efficiently. Chargebacks that require documentation from the issuing bank are processed within an average of seven days while chargebacks that do not require documentation from the issuing bank are processed within an average of three days. Our proprietary chargeback system, Automated Dispute Resolution Processing (ADRP), is used to work chargeback and retrieval activity.

This single-point-of-entry system stores data related to each dispute. We implemented this system in 2001 and continue to invest and enhance the system to assist in the dispute process. Auto Decision functionality has been integrated into the system based on payment brand regulations for specific reason codes. This logic allows the system to determine if items should be represented to the issuing bank or debited to the merchant.

A proprietary facsimile draft is used to fulfill copy retrieval requests whenever possible and in compliance with payment network regulations to minimize the number of requests to the merchant. If the required data elements are available – and it is within brand rules – the request is automatically fulfilled. If original drafts are required, a request will be sent to the merchant. Any retrieval request that is not responded to by the merchant before the 25th day is auto fulfilled with a facsimile draft. This helps protect our merchants from exposure and lower costs.

An optional automated feature allowing email or fax notification of a chargeback or retrieval to be sent to the merchant within 24 hours of the time it is worked to give our merchants more time to respond. The system generates a 15-day reminder notice for all outstanding retrieval requests for merchants set up in this system.

This notification can be changed to five, 10 or 21 days or turned off. Outgoing notifications are barcoded, allowing auto-indexing to the appropriate case to occur when returned with the merchant response. This expedites the chargeback process and allows chargeback representatives to review and work on the merchant responses more quickly.

* Mastercard and Visa eliminated the copy request cycle except for healthcare transactions.

e. What type of equipment and data transmission lines are required?

Access to Converge requires a TLS 1.2 connection over TCP/IP to meet Payment Card Industry Data Security Standards (PCI DSS) and Payment Application Best Practices (PABP) requirements.

Secure access features are built into Converge, including:

- System timeouts after inactivity
- Restricted system logins
- Strong passwords that are unique to each user
- Required password changes every 45 days
- Auto-generated email notifications when passwords are changed

f. What specific information is required of the City to complete the set-up process?

The City must provide the following items when boarding a merchant ID (MID):

Required items		
▪ Doing business as (DBA) Name	▪ Legal Name	▪ Tax identification number (TIN)
▪ Merchant category code (MCC)	▪ Phone Number	▪ Email
▪ Legal Address	▪ Principal Name and Number	▪ Cards Accepted
▪ POS Device	▪ Client Group	▪ Entity

Required items		
▪ Sales Rep Code	▪ Short Name	

g. What platform or process is in place for the City to provide documentation of its PCI compliance to the provider and what, if any, cost is related to the platform or process?

With the Converge gateway, our clients typically submit a PCI DSS Self-Assessment Questionnaire A (SAQ A) to assure PCI-compliant status. Please refer to our Hosted Payment Page developer portal for additional information.

h. What is the process for adding new on-site or online payment locations?

This process typically consists of establishing a list of pre-assigned merchant IDs (MIDs) designated for you, as well as application submission training and Know Your Customer (KYC) documents. Our priority boarding process allows the boarding of additional locations to typically occur within two business days of submission.

Our average timeframe to open an account depends upon the number of MIDs requested as well as other factors, including pending items because of requests for additional information or clarification. If needed, we welcome the opportunity to discuss your requirements to develop a streamlined "add location" process.

i. What is the process for adding or replacing equipment?

Current payment processing technology supports issue resolution primarily through over-the-phone troubleshooting provided by our Customer Care team. There may be situations, however, that require device replacement.

[redacted]

j. Describe the provider's written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.

The U.S. Bank Enterprise Resiliency program is ISO 22301 certified. The program, which includes Business Continuity, Disaster Recovery and Vendor Resiliency programs, are annually audited by the U.S. Bank independent internal audit division as well as the ISO certifying agency. As a regulated financial institution, the U.S. Bank resiliency program is also periodically reviewed by the relevant governing agencies including the Federal Reserve Bank (The Fed) and the Office of the Comptroller of Currency (OCC).

Each of our departments maintains a comprehensive Business Continuity and Disaster Recovery Plan (BC/DR Plan) that contains the procedures necessary to resume normal operations. We conduct yearly BC/DR recovery exercises to test the viability of continuity plans and disaster recovery configurations.

Our plans are subject to compliance audits and internal audits to ensure that the organization, best practices and regulatory requirements are met. We are subject to the Payment Card Industry Data Security Standard (PCI DSS), the Gramm-Leach-Bliley Act (GLBA) and the Sarbanes-Oxley Act (SOX). We undergo audits and tests from multiple agencies such as the Office of the Comptroller of the Currency (OCC). In addition, we complete a full SSAE16 exam annually.

[redacted]

[redacted]

For additional information, please refer to **Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview**.

III. Purchasing Card Services and Accounts Payable Virtual Card Services:

1. Describe your purchasing card program.

The U.S. Bank One Card is designed to meet the needs of every corporate spending activity – purchasing, travel and fleet – and everything in between. The one card program allows the City to determine limits on purchase amount, number of transactions, types of supplier and other criteria, all while giving employees a flexible tool to do their jobs more effectively. Manage travel and procurement with just one process, one staff, one issuer and only one bill. Additional program features include:

- Definable individual credit limits
- Enhanced data capabilities
- Automatic travel insurance and emergency travel services
- Full reporting for complete expense management
- Current accounting system integration
- Cash advances
- Valuable employee incentive via optional FlexPerks® corporate rewards program

One card as corporate travel card

Our one card solution provides a comprehensive, simplified way to monitor and control corporate travel and entertainment (T&E) expenses, while providing complete insurance protection, travel assistance and emergency assistance services for cardholders. Our card solution offers extensive reporting functions that yield valuable information to help monitor T&E spending, as well as aid with supplier negotiations.

One card as purchasing card

Our one card solution streamlines the purchasing process and empowers your supply chain management strategies. By using the one card to place orders, the costs associated with processing requisitions, purchase orders and check requests are reduced by $74 per transaction. The program simplifies and enhances all aspects of the purchasing process, including policy compliance, vendor negotiations, transaction monitoring, security, reporting and payment.

One card as fleet card

Our one card solution offers an efficient solution that allows you to capture, track and manage your fleet expenditures. Our solution supports fleet and reporting controls by limiting acceptance to fuel and maintenance or fuel only purchases, validating driver and vehicle IDs, setting card purchase controls and capturing Level III data at the point-of-sale. The functionality provided by this solution helps to cut costs, manage supplier payments and operate more efficiently.

For additional information, please refer to the following attachments:

- **Attachment J.3.1, U.S Bank Purchasing Card Financial Proposal**
- **Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules**

2. Fees associated with purchasing card services should be listed on Form No. 6C: Purchasing Card Services Fee Schedule.

Please refer to Form No. 6C – Purchasing Card Services Fee Schedule.

3. **Provide travel cards to be used for employees who do not need a full-time card but are traveling on City business. Explain how the cards work and what accountability and reconciling measures are in place.**

U.S. Bank Instant Card™

When expenses for things like supplies, materials or travel arise, employees may have to pay for these items with a personal credit card and then seek reimbursement. The process is often cumbersome, time-consuming and slow, not to mention prone to errors and possible fraud.

The practice of paying for business expenses with a personal card is not limited to your full-time employees. There are also contingent workers to consider – interns, contractors/freelancers, consultants, volunteers, guest speakers and recruits.

You need a way for those individuals that do not have a corporate credit card to make purchases for your organization without giving up control. The U.S. Bank Instant Card is a fast, efficient and easy way for your employees and contingent workers to make business purchases and keep your operations moving.

Instant Card uses a mobile app to push a virtual credit card to an individual to use in U.S. or Canadian dollars. With just a few simple steps, you can create and send an Instant Card to anyone in your organization who needs it.

Steps in the process include:

- **Step 1**—Enter basic recipient details including name, email address, mobile phone number and optional employee ID. You set the credit limit and expiration date.
- **Step 2**—Share the Instant Card. You can send the Instant Card through either the web portal or the Instant Card app. Recipients will receive an email with instructions to access the Instant Card.
- **Step 3**—The recipient can view the active card details on their smart device or add it to their mobile wallet.

Instant Card features and benefits include:

- **Allows for payment flexibility**—Recipients can view full card details for online purchases or use their Instant Card in their mobile wallet for in-store transactions.
- **Provides security and control**—Set card limits, restrict MCCs and set expiration dates to protect against misuse.
- **Reports help manage transactions**—Instant Card seamlessly integrates with Access Online so you can view transactions online. Access Online extract files contain Instant Card transactions and integrate into existing financial systems, such as automatic daily feed to SAP Concur, Expense Pro, TravelBank and Chrome River.
- **Eliminates the use of personal credit cards**—No personal card use means greater spend visibility and easier reconciliation for your organization. Plus, employees and contingent workers will not have to worry about paying out-of-pocket for business expenses.
- **Reduces fraud**—Instant Card uses a uniquely generated card number, expiration date and security code as a proxy making it highly secure. Setting card limits for only what needs to be purchased and short expiration periods limits fraud. Mobile wallet use provides an additional layer of payment security.

Department cards

We can issue a department card to the City that may be used by multiple users of a department for authorized purchases. There will not be a cardholder name embossed on the plastic but rather a department or company name. A Program Administrator's name is required to be tied to the account. Please note that without an assigned individual's name and signature on the card plastic, merchants may not accept it for payment processing because of the increased risk of fraud and misuse.

Reconciliation

The following tools are available to assist you with the reconciliation process:

Solution	Description
Allocation Rules Engine	▪ A client-defined system that allocates transactions to appropriate cost centers, projects and expense types through City-defined rule sets. ▪ Automated process that promotes minimal work to manage transactions.
Accounting Code Validation	▪ Improves the efficiency of your entire procurement process by automating the allocation process and reducing manual intervention. ▪ Confirms the validity of accounting codes, accounting code segment values and combinations of segment values.
Order management (North America only)	Gives you access to a tool that allows order and financial data match/reconciliation to occur automatically.
Transaction Approval Process	The essential steps in the process are: ▪ You select preferred approval criteria in Access Online. ▪ Based on your criteria, the first level approver (typically the cardholder) can approve transactions that have been posted to the cardholder's account, which initiates the approval workflow. ▪ The second level approval manager (usually a cost center manager) then receives, reviews and approves the transactions forwarded by the cardholder.
Receipt Attachment	Access Online supports your need to retain purchase documentation by allowing users to attach multiple PDF, JPG or PNG files to a transaction (one at a time). These files can contain any purchase documentation the City needs to: ▪ Accurately reconcile transactions. ▪ Recognize and report fraudulent activity. ▪ Effectively dispute transactions. ▪ Identify unauthorized purchases.
Travel Virtual Pay	▪ Automatically reconciles travel data to the transaction data posting to the account by assigning a unique single-use account number to the booking data. ▪ Eliminates the need for manual reconciliation of central bill/lodge cards, direct bill and invoicing.

4. Describe your process for continuing the accounts payable virtual card program and enrolling new or existing vendors.

Because U.S. Bank is your current commercial card program provider, implementation will not be required. With our experience as a pioneer in the payments industry, we bring two distinct advantages to your program:

- **Knowledge and momentum**—We have developed relationships, processes and a thorough understanding of your organizational goals and requirements, which provides significant momentum toward rapid and comprehensive deployment and achievement of your program objectives.
- **Fresh perspective**—We will work with you to examine your current program and make recommendations for best practices to achieve greater efficiencies and bring your program to the next level.

Your Account Coordinator will speak with your Program Administrator and other City contacts as needed. This discussion will help define the critical elements of the card program required to make the program a success. The primary setup tasks are organized into three categories:

- **Program structure**—Encompasses all aspects of the system setup for your program, including:
  - Billing and liability
  - Company/organization groupings and hierarchy
  - Account enrollment process
  - Spending controls and security
  - Procedures for ongoing account maintenance
- **Program enhancements**—To help you manage your program more efficiently, we offer a variety of program enhancements, free of charge, including Access Online. Your Account Coordinator will facilitate creating user accounts on Access Online, providing you with web-based support for setting up and maintaining accounts, running reports and managing allocations.
- **Training, communications and policy**—We have a variety of training courses available for Access Online, to help train your cardholders and communicate program information to them. Your Account Coordinator will help you evaluate your current program needs and offer training course information.

As a best practice, we recommend providing an updated AP file annually, as this allows for the continued analysis and optimization of your existing program.

Supplier enablement

We have a robust and unique supplier enablement program that provides many tools at the City's disposal for gaining the maximum virtual card adoption. Through collaboration with our subsidiary – Elavon Merchant Services (Elavon) – as well as other innovative approaches, we have access to exclusive merchant acceptance.

In consultation with the City, your dedicated U.S. Bank Supplier Enablement Manager develops a custom program that targets both accepting and non-accepting merchants through our broad solution set, described below:

- **Elavon merchant acquiring business**—U.S. Bank is one of only two financial institutions that owns its own payment acquiring business. We have trained a specific subset of our sales team to be versed in supplier enablement and business-to-business solutions; specifically, with calling suppliers that do not currently accept credit cards. This team can navigate a payment acceptance discussion and offer the full suite of payment acquiring solutions, including Straight-Through Processing (push payments).
- **Preferred Supplier Pricing program**—Through collaboration with Elavon we can offer proprietary interchange rates negotiated with the Card Associations to attract and retain key suppliers for your Virtual Pay program. Lower acceptance costs can neutralize price objections and make virtual payment more attractive to strategically targeted suppliers.
- **Merchant online self-enrollment portal**—During supplier enablement campaigns, we offer the option to send suppliers a simple online link to enroll in the program. This often serves as an effective

"phase one", quickly and efficiently enrolling those suppliers who are already educated on the benefits of card acceptance.

- **Supplier Proxy Pay**—We recognize that some strategic suppliers will only accept card payments via receivables websites, IVRs and call centers. [redacted]

Your U.S. Bank Relationship Manager and assigned Supplier Enablement Manager will work with you to target suppliers. Our Supplier Enablement strategy, which mirrors our implementation methodology, will be specifically tailored to the City and your suppliers and includes the following steps:

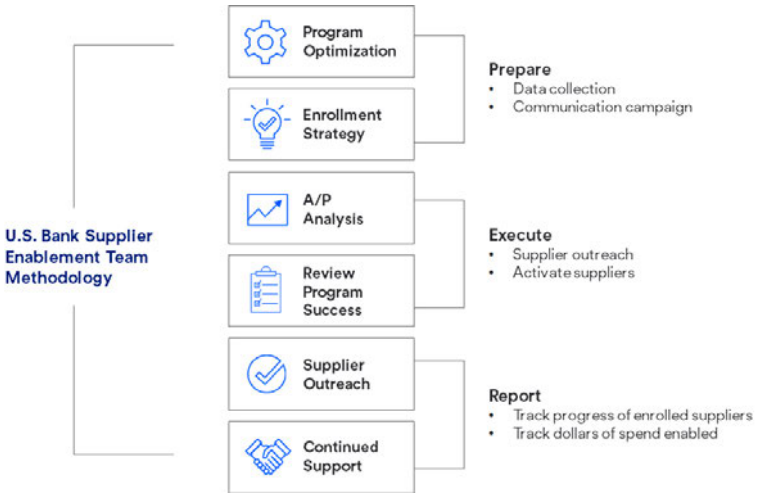
Discover	Design	Execute	Analyze
• **Review** strategic initiatives • **Understand** your program goals and objectives • **Conduct** A/P Analysis from your supplier system	• **Present** A/P Analysis findings • **Develop** Enrollment strategy with you • **Determine** targeted suppliers • **Create** campaigns (letter, email and calling plans)	• **Contact** your suppliers through selected campaigns • **Enroll** suppliers through telephone or online portal • **Setup** supplier in Virtual Pay • **Notify** you of suppliers' enrollment	• **Transition** suppliers to our Supplier Support Team • **Review** enablement progress • **Identify** suppliers for future enablement phases

Our supplier enablement team will handle all contact with the suppliers to support your enablement needs and will also work with you on shared contact strategies to leverage your supplier relationships.

Supplier outreach

We conduct supplier outreach by sending an announcement letter to the suppliers and following up via telephone with specific suppliers within that population that we anticipate coming into the program at a higher rate. Calling is usually conducted over a six- to eight-week period and results are delivered weekly to the City by your dedicated Supplier Enablement Manager. They will work with you to analyze the results and will provide recommended next steps and strategies for suppliers who may decline the initial outreach.

Our supplier outreach process flow is as follows:



IV. Safekeeping Services:

1. Describe your safekeeping services.

Safekeeping provides specialized services such as Pledging, Tax Reporting and membership in the SIC Lost and Stolen Security Program for customers who require them. Safekeeping has a number of specialized reports that are available to our customers

2. Fees associated with safekeeping services should be listed on Form No. 6D: Safekeeping Services Fee Schedule.

Please refer to Form No. 6D.

3. Submit copies of your firm's bond reports with your proposal. In addition, indicate any enhancements that are under consideration.

Please refer to **Attachment U.1, U.S. Bank Credit Ratings**.

4. What are your cutoff times to settle investment transactions?

All trades are subject to trading availability. All times listed are Central Time (CT). Normal business hours are 7 a.m. to 6 p.m. CT.

- Certificates of deposit: 3 p.m.
- Commercial paper:
  - U.S. Bank: 3 p.m.
  - U.S. Bancorp: 2 p.m.
  - Most others: 11:30 a.m. (based on issuer availability)
- Treasury bills, notes, bonds and agencies
  - Same day (cash trades) before noon
  - Otherwise, you may purchase or sell the security until 4 p.m. to settle the next business day
- Bankers' acceptances
  - Same day (cash trades) by 2 p.m.
- Otherwise 4 p.m.

V. Overall:

1. The City of Springfield expects superior customer service and response times. The City requires a dedicated relationship contact and a dedicated services contact as well as backup options during all business hours. Explain your contact structure and provide average response time to inquiries.

You call a general Commercial Customer Service (CCS) number for any treasury management inquiries. If an issue requires escalation and more detailed second level support, the CCS banker assigns the issue to an operations or technical area to facilitate the resolution through our call-tracking system. Most issues are resolved within 24 hours and are escalated as necessary.

Should further escalation be required, the CCS banker escalates the issue to their team leader or CCS site manager, who works directly with escalation contacts for all operations and technical areas. The relationship manager is part of this process. Senior management team members meet each Friday to address and solve escalated issues, keeping ownership until the root cause is determined and resolved.

First level: Commercial Customer Service (CCS)

When an issue is identified, your first step is to report it to CCS, who enter it into our call tracking system and attempts to resolve it. If the service banker is unable to resolve the issue, CCS escalates it to a product-specific Level Two support team.

Second level: Escalation to appropriate operations managers

The issue is escalated by an appropriate manager (as listed in Level Two) sending an email summarizing the situation to the Operation Servicing Issues group. An appointed senior management banker then logs the issue and engages appropriate operations (or other groups) in the research and resolution of the issue.

Third level: Escalation to senior management

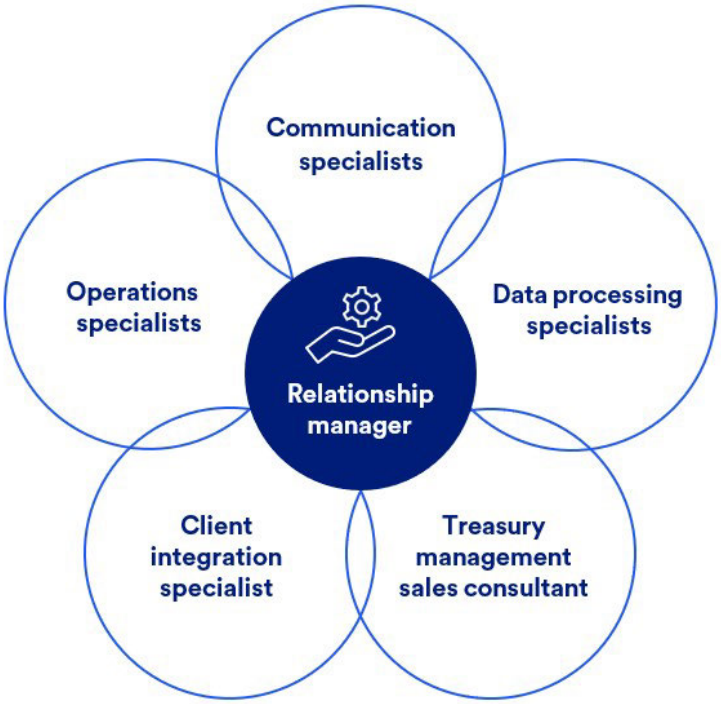
All open issues are reviewed in the Treasury Management Operations Service Quality meeting every Friday. The purpose of the meeting is to review actual performance relative to all operations and IT service level agreements (SLAs). SLAs relate to system availability, accuracy and responsiveness. IT and operations managers speak to causes and remedial actions in process relative to missed SLAs.

2. The City of Springfield expects excellent technical resources from providers for both implementation and ongoing maintenance of service products. Provide availability and response times of technical resources.

We've designed a digital onboarding process to make your transition smooth and efficient. We spend the time and resources to build a solid foundation for a successful relationship between the City and U.S. Bank. As your dedicated business partner, we work to understand your organization and provide solutions to support your business needs. You can rely on our commitment, accessibility and responsiveness.

A seasoned team of experts, dedicated to your success

Your primary U.S. Bank contact is your relationship manager, Anna Milbach, who works with your U.S. Bank implementation team.



Client Integration specialist

- Plays a critical role in guiding the entire implementation process as your primary contact
- Distributes and obtains appropriate documentation
- Works closely with various departments within U.S. Bank
- Coordinates the technical team for system testing and training
- Their level of experience and commitment ensures an accurate and timely implementation

Treasury management consultant, Becky Holmquist

- Works with you to identify appropriate solutions to help your organization manage cash and improve efficiencies
- Keeps you informed of new or emerging technologies which may impact the way you do business

Treasury management sales analyst

- Works closely with Becky Holmquist to establish identified products and services

Although there are many people involved in implementation treasury management services, you will always have one contact you can call with questions during your implementation process – your Client Integration specialist. After successful implementation, you are assigned a CCS team for ongoing product and account support.

Digital tools streamline the entire process and give you more insight and control

Digital onboarding provides complete visibility of all your implementation activity – all within one location, SinglePoint. With the digital dashboard, next steps are quickly identified and your employees can easily collaborate to keep the process moving.

- We have simplified document exchange by enabling you to securely exchange sensitive bank information online. SinglePoint notifies you when your documents are ready to print, sign and upload.
- Electronic signatures allow users to quickly and securely sign documentation, with no need for paper, printers and scanner. Prepopulated forms streamline completion. Notifications alert you when documents are ready, ensuring continuous progress.

A collaborative partnership
to customize your implementation

Discovery meeting	We ensure we have an in-depth understanding of your workflows and related cash flows to appropriately finalize the solution set
Meeting your implementation team	Your dedicated team works with your employees throughout the process
Kick-off meeting	• Key stakeholders are introduced • Documentation can be presented for execution • Preliminary timeline is discussed and agreed upon
Implementation strategy	A comprehensive plan designed to achieve your specified production date
Weekly touch point meetings	We meet with your key stakeholders throughout the process to ensure benchmarks are on track and any issues are quickly resolved
Completing documentation via SinglePoint	• Onboarding Tracker facilitates file exchange as we establish accounts and integrate services (prepopulated forms streamline the process) • SinglePoint notifies you when documents are ready or require attention • Agreements and/or questionnaires are completed and received by your Client Integration Specialist, which marks the start of the service set-up
Test data transmissions	• We test for connectivity through a telecommunications handshake • You transmit test files for each applicable service to ensure data is properly received • Upon successful testing, we select a production date

During implementation, your Client Integration Specialist and implementation team support your technical set-up. After implementation, the City may call CCS for technical support. If necessary, we escalate to the appropriate technical support team. Technical support is available until 7 p.m. CT.

3. Confirm that if the City of Springfield needs additional bank accounts or other services addressed in this RFP during the term of the contract, such new accounts or services will be provided with the same terms and conditions that apply to existing accounts or services.

U.S. Bank acknowledges and will meet this requirement.

4. What differentiates your service and/or products from other providers?

We have installed common processing platforms across all markets for key depository services. Authorized employees in all locations can access client account information from the DDA, deposit reconciliation, returned items, teller platform and billing systems. Our national processing capabilities allow the City to make deposits to any account in all the states served.

Cash Vault Services

We have a long history of experience, leadership and commitment invested in providing industry leading cash vault services. We are particularly proud of our seamless integration of in-house and extended network cash vault locations into one single, U.S. Bank-managed network. We provide consistent and reliable service in all locations.

Our single vault vendor partnership with Brink's supports our extended network. Brink's commitment to service quality, efficiency and security means we are better able to control service quality and provide you a seamless experience.

All our cash vaults, including our extended network, are fully automated with sophisticated vault technology and currency counting equipment with counterfeit detection. Automation links all aspects of cash handling together to improve productivity, enhance customer service and provide comprehensive information reporting. We have access to Brink's reports, deposit and change order details in order to assist in research and resolve issues in an efficient manner.

The strengths of our cash vaults include:

- State-of-the-art automated cash vault processing equipment and procedures
- Sophisticated security features, including a deposit tracking system, built-in counterfeit detection, camera surveillance, segregation of duties and a dual processing environment
- Comp-U-Order phone ordering system and SinglePoint Cash Vault to order cash 24/7
- Connectivity to DTS ConnexTM at our cash vault locations

Traditional Branch Cash Services and Branch Cash Forward

As a Branch Cash Forward user, you have access to a local U.S. Bank branch, get timely credit for your deposits and receive high-quality customer service.

5. Based on the services and volumes outlined, how would City of Springfield rank in size among your other customers?

[redacted]

6. How do you plan to keep your products/services current and competitive?

Our dedicated product management team develops innovative solutions in an evolving marketplace. Crucial to this effort are:

- **Product managers**—Tasked with healthcare-specific collection and disbursement products
- **Voice of the Customer research program**—Identifies client pain points and facilitates the generation of new product developments and enhancements in response to client feedback

- **Product developers**—Staff prioritize, develop and validate requirements to ensure we accurately document the need
  - We seek client input via solutions mapping sessions, which shape product design during the pilot process

Our client focused solutions address specific needs, providing an optimal user experience.

Innovative and holistic treasury management	
Payables/receivables	▪ Automated receivables with VantagePoint™ (integrated receivables solution) ▪ Increased supplier enrollment, improving the adoption of electronic payments ▪ Reduced costs with automated single workflows ▪ Simplified electronic bill presentment and payment solutions ▪ Building a digital bridge beyond traditional branch and cash vault services
Mobile	▪ SinglePoint Mobile's enhanced capabilities work on both iOS and Android OS devices ▪ On-Site Electronic Deposit Mobile added remittance and batch deposit processing ▪ Mobile e-payments are continuously expanding
Health system operational excellence	▪ Payee Choice promotes strategic active patient relationships ▪ Extensive check printing and Zelle payment solutions facilitate patient refunds ▪ Payment Consolidator's superb reconcilement functionality is designed to meet health system collection requirements

7. Are there other products/services not previously discussed that would be beneficial to the City of Springfield?

Account Validation

U.S. Bank Account Validation offers one of the most powerful tools in mitigating fraud losses and transaction exceptions (e.g., rejects, administrative ACH returns). It serves as a last line of defense against fraud like Business Email Compromise (BEC) and payroll diversion. Account validation ensures the City is compliant with the Nacha rule that requires validation for the first time use of account information prior to initiating WEB debit transactions.

Evolving solutions to outpace fraud

Business Email Compromise and payroll diversion-related fraud schemes continue to result in significant losses each year. Account Validation helps you reduce fraud and payment exceptions by inquiring about account status or ownership with status information contributed by thousands of banks. With Account Validation, you can view:

- Status information for up to 85% of domestic bank accounts via the Early Warning National Shared Database
- Ownership information for up to 60-65% of domestic bank accounts

Account validation is offered in collaboration with Early Warning, the owner of the powerful National Shared Database of account information.

Vantage Point

The City may face many challenges with your receivables management processes. You receive multiple payment types, remittance information is sent separately or not at all, and there are different processes for applying different types of payments. U.S. Bank VantagePoint® is a centralized receivables management solution that will redefine how you manage and interact with your payments, data and images; all while streamline payment posting.

- Centralized client interface for receivables payments, leveraging the power of SinglePoint
- Customizable business rules and workflows quickly identify exceptions and route payments for review
- Upload invoice detail and/or supporting documents to transactions
- Reassociation of remittance data with the financial transaction (if separate)
- Strategic view of working capital cycle to enhance decision making

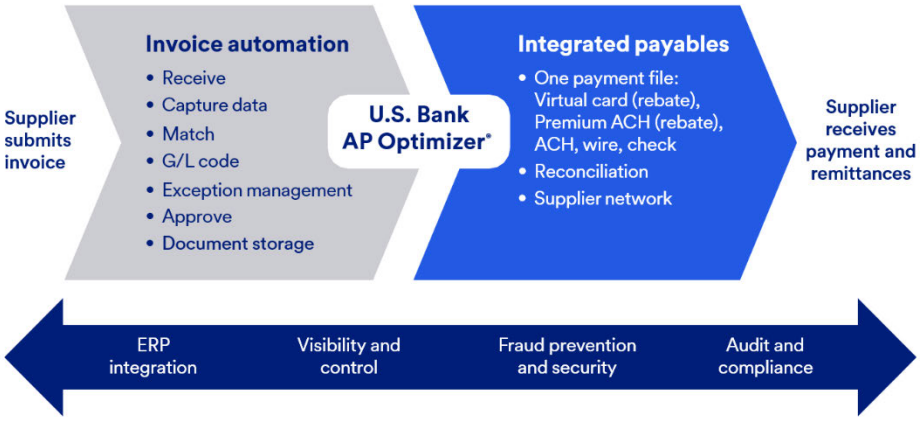
A simple and streamlined workflow

VantagePoint integration	VantagePoint delivers files	Actions for your A/R team
1. Maps remittance to payments 2. Matches invoices against A/R file 3. Links payer to transaction 4. Matches and augments payment 5. Identifies exceptions	You receive: • Closed transactions • Exceptions	1. Review and clear exceptions 2. Download posting file -or- automated transmission via API 3. Research payments 4. Act on reporting analytics

VantagePoint is highly configurable with an array of features you can use to benefit the City's operations. We will gladly provide a demonstration so you can see the possibilities and ask questions specific to your challenges and objectives.

AP Optimizer

You can completely automate your accounts payable (A/P) process, from invoice intake through approval, to payment and reconciliation. AP Optimizer is ERP agnostic and can integrate via multiple various protocols with minimal IT support, and it comes with a network of 500,000+ suppliers already accepting payment. Reconciliation is easy because all payments are disbursed through a single platform. You'll reduce fraud and see day-one improvements in process efficiencies, cost savings, higher rebates and complete payment control.

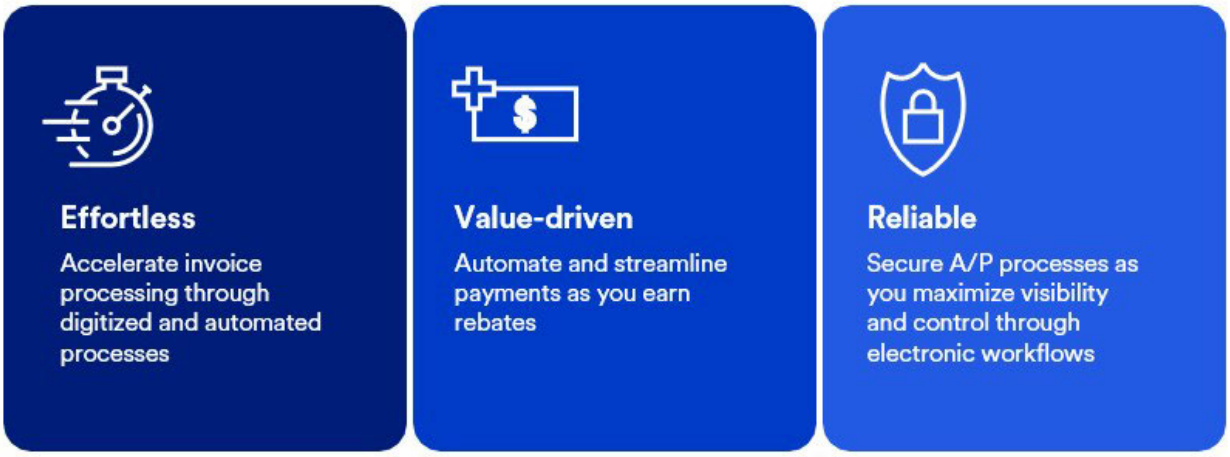


Reduce fraud across the payment spectrum

- Improve security and compliance with fraud prevention services, real-time reporting and a complete audit trail
- Convert paper documents and manual tasks into fraud-resistant, auditable workflows
- Prevent unauthorized access with stringent security protocols and technologies
- Protect sensitive information, transactions and accounts with secure storage of supplier payment accounts

The City will benefit from additional security, process control, digitization and cost savings – as you earn rebate on virtual card and Premium ACH. AP Optimizer:

- Allows automation of invoices and payments while facilitating disbursement and reconciliation of all electronic payment types
- Integrates via multiple various protocols with minimal IT support
- Significantly mitigates internal and external fraud while eliminating supplier account data storage risks
- Expedites ROI through a simple, fast implementation process – backed by the strength and stability of U.S. Bank



Outsourced check printing

U.S. Bank Check Payables is an efficient and secure solution to outsource the printing and mailing of paper checks, intended to reduce risk and improve fraud prevention.

- **Cost-effective process**—Outsourcing check printing reduces your check stock and storage expenses. With check payables, your internal administrative paperwork, processing time and staff expenses are also reduced.
- **Print and insert brochures**—You may request customized brochures be printed and placed in the mailing or pre-printed brochures can be included.
- **Shipping options**—Several shipping methods are available for each check produced: First Class mail, foreign mail, Federal Express or UPS. Checks can be mailed directly from our print location or can be sent to you for mailing.
- **Flexible formats**—We accept industry standards such as ANSI X12, BAI and XML, a standard flat file, and proprietary flat files. Files can be transmitted to us directly from you or your third-party data processor, such as a VAN. Alternately, checks may be individually keyed in or uploaded via a standard CSV format via SinglePoint Check Payables. This flexibility makes check payables easy to use.
- **Fraud prevention measures**—The same day checks are issued, a data file with checks issued information will automatically update positive pay and, if applicable, your account reconciliation system. This reduces your exposure to check fraud.
- **Check stock security features**—Printed watermark on back, micro-print border, void pantograph and thermo-sensitive ink padlock on the check face are some of the many security features built into the check stock we use for check payables. These design features give another layer of risk and fraud protection.
- **Optional API integration**—The City can automate your payables process via an API. The U.S. Bank Check Payables API enables you to directly integrate your ERP to U.S. Bank, giving your A/P staff more time for other work and enhancing the visibility of your check processing.

Additional services will be priced at the time of implementation.

VI. Conversion Support:

1. Provide a list of the tasks that must be completed to facilitate conversion. Include a start and finish date.

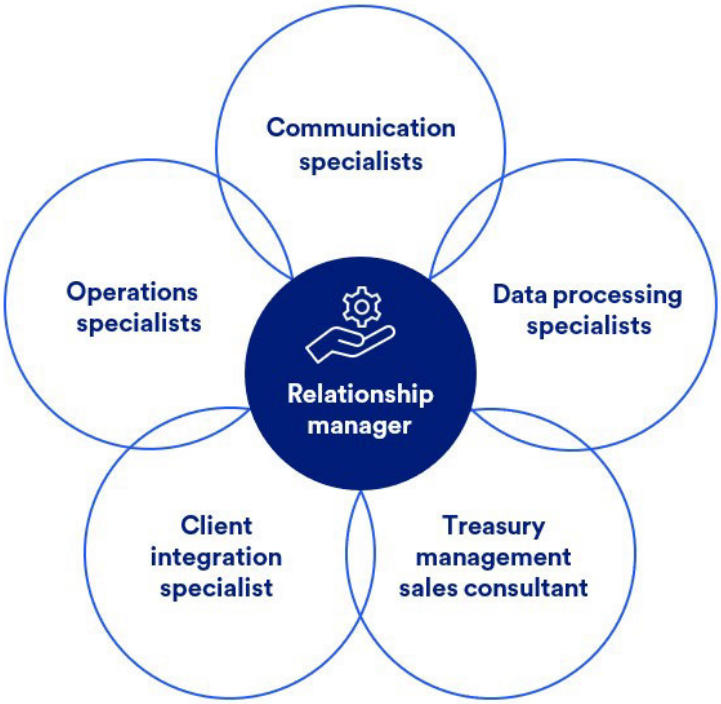
Please refer to **Attachment I.5, Sample Implementation Schedule**.

2. Define the number of staff you would assign to assist the City with the conversion. Indicate their professional and technical qualifications.

We’ve designed a digital onboarding process to make your transition smooth and efficient. We spend the time and resources to build a solid foundation for a successful relationship between the City and U.S. Bank. As your dedicated business partner, we work to understand your organization and provide solutions to support your business needs. You can rely on our commitment, accessibility and responsiveness.

A seasoned team of experts, dedicated to your success

Your primary U.S. Bank contact is your relationship manager, Anna Milbach, who works with your U.S. Bank implementation team.



Client Integration specialist

- Plays a critical role in guiding the entire implementation process as your primary contact
- Distributes and obtains appropriate documentation
- Works closely with various departments within U.S. Bank
- Coordinates the technical team for system testing and training
- Their level of experience and commitment ensures an accurate and timely implementation

Treasury management consultant, Becky Holmquist

- Works with you to identify appropriate solutions to help your organization manage cash and improve efficiencies
- Keeps you informed of new or emerging technologies which may impact the way you do business

Treasury management sales analyst

- Works closely with Becky Holmquist to establish identified products and services

Although there are many people involved in implementation treasury management services, you will always have one contact you can call with questions during your implementation process – your Client Integration specialist. After successful implementation, you are assigned a CCS team for ongoing product and account support.

Digital tools streamline the entire process and give you more insight and control

Digital onboarding provides complete visibility of all your implementation activity – all within one location, SinglePoint. With the digital dashboard, next steps are quickly identified and your employees can easily collaborate to keep the process moving.

- We have simplified document exchange by enabling you to securely exchange sensitive bank information online
  - SinglePoint notifies you when your documents are ready to print, sign and upload
- Electronic signatures allow users to quickly and securely sign documentation, with no need for paper, printers and scanner
  - Prepopulated forms streamline completion
  - Notifications alert you when documents are ready, ensuring continuous progress

During implementation, your Client Integration Specialist and implementation team support your technical set-up. After implementation, the City may call CCS for technical support. If necessary, we escalate to the appropriate technical support team. Technical support is available until 7 p.m. CT.

A collaborative partnership to customize your implementation

Discovery meeting	We ensure we have an in-depth understanding of your workflows and related cash flows to appropriately finalize the solution set
Meeting your implementation team	Your dedicated team works with your employees throughout the process
Kick-off meeting	• Key stakeholders are introduced • Documentation can be presented for execution • Preliminary timeline is discussed and agreed upon
Implementation strategy	A comprehensive plan designed to achieve your specified production date
Weekly touch point meetings	We meet with your key stakeholders throughout the process to ensure benchmarks are on track and any issues are quickly resolved
Completing documentation via SinglePoint	• Onboarding Tracker facilitates file exchange as we establish accounts and integrate services (prepopulated forms streamline the process) • SinglePoint notifies you when documents are ready or require attention • Agreements and/or questionnaires are completed and received by your Client Integration Specialist, which marks the start of the service set-up

3. Discuss the level of support your institution would commit to facilitate the City's conversion.

Please see above.

4. Estimate the number of hours that would be required to complete the conversion.

Please refer to **Attachment I.5, Sample Implementation Schedule**.

5. **Estimate the City's cost of conversion. Fees associated with conversion support should be listed on Form No. 6E: Conversion Fee Schedule.**

Please refer to form 6E.

VII. Other:

1. **List the name of the designated account executive as well as an alternate. The designated account executive must have the authority to make timely decisions in the normal course of business on their own. Resumes must be provided for all key account executives designated to serve this account. Use Form No. 4: Resumes of Key Personnel.**

a. **Designated Account Executive contact information: Name, title, telephone number and email address.**

Anna Milbach
Government Banking Relationship Manager
[redacted]

b. **Alternate Account Executive contact information: Name, title, telephone number and email address.**

Becky Holmquist
Government Treasury Management Consultant
[redacted]

2. **Specifically discuss your approach to developing preliminary and final project plans.**

Please refer to **question VI.2**.

3. **Describe a written disaster recovery plan and address how the City and its managers will continue to conduct business in the event your operation center is rendered inoperable.**

Please refer to **Attachment IV.G, U.S. Bancorp Enterprise Resiliency Program Overview**.

J.1. Form No. 6A: Banking Services Fee Schedule

Please refer to Exhibit A-1: Banking Services Volumes. These numbers represent the City's best estimate of the average volume and the City in no way guarantees these as minimum or maximum volumes.

I. Interest Rate Calculations

1. Interest Rate Paid on Available Balances %

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

2. Interest Rate Paid on Overnight Repurchase %

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

3. Describe Interest Rate Calculation:

Daily interest rate calculation

Note that the example below is NOT the rate being offered to the City but is just to demonstrate the formula and how it is calculated.

A sample daily interest calculation formula is:

$$\frac{\text{Rate} \times \text{Principal Amount}}{360}$$

How to calculate the daily interest:

- An account earns an interest rate of 1.75%
- A balance of $12,000,000 is swept at the end of the business day from checking to the investment account
  - Note: Balance = Collected balance less target balance
- The interest for one day is calculated as follows. Note that the rate must be divided by 100:
  - 0.0175 × $12,000,000 ÷ 360 = $583.33

Weekend interest rate calculation

During the weekend, interest is compounded for Saturday and Sunday which allows the customer to receive interest on their interest accrual. In order to calculate the correct interest for the weekend, Saturday's and Sunday's principal amounts must be calculated first, followed by the interest. On Monday, the principal amount will include the balance swept to the Investment on Monday night plus the interest accrued for Saturday and Sunday.

Saturday principal and interest calculation

A sample Saturday interest calculation is as follows where Saturday's principal = Friday's principal plus Friday's interest:

$$\frac{\text{Rate} \times (\text{Friday Principal Amount} + \text{Friday interest})}{360}$$

Sunday principal and interest calculation

A sample Sunday principal and interest calculation is as follows where Sunday's principal = Saturday's principal plus Saturday's interest:

$$\frac{\text{Rate} \times (\text{Saturday Principal Amount} + \text{Saturday interest})}{360}$$

Monday principal and interest calculation

A sample Monday principal includes the interest accrued for Saturday and Sunday and then the interest is calculated:

$$\frac{\text{Rate} \times (\text{Monday Principal Amount} + \text{Saturday interest} + \text{Sunday interest})}{360}$$

II. Include an itemized cost breakdown of the services you are proposing and the fees

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

J.2. Form No. 6B: Merchant Card Services Fee Schedule

Refer to Exhibit A-2: Merchant Card Services Volume for transactions and annual dollar amount estimates.

I. The costs and fees for PCI programs and compliance must be disclosed.

Please refer to **Attachment J.2, U.S. Bank Elavon Pricing Proposal**.

II. All rates and fees are to be un-bundled. All fees should be noted separately including interchange rates, assessment rates, tier rates, processing rates, convenience fees, and any other charges. Fees/rates applicable to all types of branded cards (reward, corporate, standard, etc.) must be noted. Additional services offered by the proposer should be specified in the proposal with related fees for these services noted.

Please refer to **Attachment J.2, U.S. Bank Elavon Pricing Proposal**.

J.3. Form No. 6C: Purchasing Card Services Fee Schedule

Indicate the monthly fee, if any, associated with this program and the rebate structure provided by your program.

U.S. Bank does not charge an annual or monthly card fee. For a detailed list of fees and information regarding rebates, please refer to the following attachments:

- **Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal**
- **Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules**

J.4. Form No. 6D: Safekeeping Services Fee Schedule

Indicated the fees associated with safekeeping services.

U.S. Bank Money Center fee schedule

- [redacted]
  - [redacted]
- [redacted]
  - [redacted]
- [redacted]
  - [redacted]
  - [redacted]
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  - [redacted]
  - [redacted]

Early withdrawal penalty

[redacted]

J5. Form No. 6E: Conversion Cost

Provide a breakdown of costs associated with conversion support.

Please refer to **Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024**.

J6. Form No. 6F: Total Cost

Overall total project cost to include all related costs associated with the proposed project or scope of services, to include but not limited to: Personnel, total hours, and service-related expenses.

Question	Response
Total Annual Cost, Form No. 6A: Banking Services	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Total Annual Cost, Form No. 6B: Merchant Card Services	$ See Attachment J.2, U.S. Bank Elavon Pricing Proposal
Total Annual Cost, Form No. 6C: Purchasing Card Services	$ See Attachment J.3.1, U.S. Bank Purchasing Card Financial Proposal and Attachment J.3.2. U.S. Bank Prepaid Card Fee Schedules.
Total Annual Cost, Form No. 6D: Safekeeping Services	$ See Form No. 6D.
Total Annual Cost, Form No. 6E: Conversion Cost	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024
Total Annual Cost (Form No. 6A, 6B, 6C, 6D & 6E)	$ See Attachment J.1, U.S. Bank Pro Forma for City of Springfield RFP 006-2024

K. Form No. 7: Affidavit Of Compliance

To be submitted with Offeror's Proposal

We take exception to the RFP Documents/Requirements as follows:

Please refer to **Attachment K.7.1, U.S. Bank Exceptions and Clarifications to City of Springfield RFP 006-2024**.

FORM NO. 7: AFFIDAVIT OF COMPLIANCE

To be submitted with Offeror's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

X_____ We **TAKE** exception to the RFP Documents/Requirements as follows:

Please refer to U.S. Bank Attachment K.7.1, Exceptions and Clarifications to City of Springfield RFP 006-2024.

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this RFP unless otherwise stipulated herein.

Company Name: U.S. Bank N.A.

By: [redacted]
(Authorized Person's Signature)

Anna Milbach
(Print or type name and title of signer)

[redacted]
(Company Street/P.O. Box Address)

[redacted]
(City, State, Zip Code)

Telephone Number: [redacted]

Fax Number: Not applicable

Email: [redacted]

Federal Tax ID No.: [redacted]

Date: September 6, 2023

DBE Vendor (Yes/No): No

Minority Owned: ____

Women Owned: ____

Veteran Owned: ____

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

L. Form No. 8: Certification Regarding Potential Conflicts Of Interest

FORM NO. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST

The City's Charter, Sec. 19.16, prohibits any Council member or employee of the City from having a financial interest, direct or indirect, in any contract with the City and any member of a City board or commission from having a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he or she serves.

*****If the prohibition above is violated, the contract is void and the Council member, City board or commission member forfeits his or her office or the employee forfeits his or her employment*****

Vendor certifies that **(check all that apply):**

1. X No City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

2. X No spouse or dependent child of a City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

---

3. ____ A City Council member or spouse is an employee, officer, partner, owner, etc., of vendor.

4. ____ A City employee or spouse is an employee, officer, partner, owner, etc., of vendor.

5. ____ A City board/commission member or spouse is an employee, officer, partner, owner, etc., of vendor.

If choosing 3, 4, or 5, please provide name of Council member, employee, board or commission member, or spouse:

_____

Vendor Certification:

I certify the information above is true and accurate.

[redacted]

Print Name: Anna Milbach

Title: Senior Vice President

Company: U.S. Bank N.A.

Please note whether the Charter is violated is fact specific. City staff will follow up with you for additional information.

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

M. Form No. 9: Certification Of Compliance With Section 34.600 Rsmo., Et Seq. (Anti-Discrimination Against Israel Act)

FORM NO. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)

Effective August 28, 2020

(Does not apply to contracts totaling less than $100,000.00, or fewer than 10 employees.)

I am Anna Milbach (name), and am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial one]

AM. I hereby certify that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, in accordance with the terms and conditions set forth in 34.600 RSMo., et seq.

or:

_____. The business employs less than 10 employees.

U.S. Bank N.A.

Company Name (List official name of Business Entity.)

[redacted]

Signature

Anna Milbach

Printed Name

Senior Vice President

Title

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

N. Affidavit, Work Authorization

Affidavit, Work Authorization Form provided. (Must be signed, notarized and submitted prior to the issuance of a contract.)

U.S. Bank acknowledges and will meet this requirement prior to the issuance of a contract.

O. E-Verify Program's Memorandum of Understanding Electronic Signature Page

E-Verify Program's Memorandum of Understanding Electronic Signature Page (Must be submitted prior to the issuance of a contract.)

U.S. Bank acknowledges and will meet this requirement prior to the issuance of a contract. Please refer to **Attachment O.1, E-Verify MOU Signature Page**.

P. Form No. 10: Additional Services

Account Validation

U.S. Bank Account Validation offers one of the most powerful tools in mitigating fraud losses and transaction exceptions (e.g., rejects, administrative ACH returns). It serves as a last line of defense against fraud like Business Email Compromise (BEC) and payroll diversion. Account validation ensures the City is compliant with the Nacha rule that requires validation for the first time use of account information prior to initiating WEB debit transactions.

Evolving solutions to outpace fraud

Business Email Compromise and payroll diversion-related fraud schemes continue to result in significant losses each year. Account Validation helps you reduce fraud and payment exceptions by inquiring about account status or ownership with status information contributed by thousands of banks. With Account Validation, you can view:

- Status information for up to 85% of domestic bank accounts via the Early Warning National Shared Database
- Ownership information for up to 60-65% of domestic bank accounts

Account validation is offered in collaboration with Early Warning, the owner of the powerful National Shared Database of account information.

Vantage Point

The City may face many challenges with your receivables management processes. You receive multiple payment types, remittance information is sent separately or not at all, and there are different processes for applying different types of payments. U.S. Bank VantagePoint® is a centralized receivables management solution that will redefine how you manage and interact with your payments, data and images; all while streamline payment posting.

- Centralized client interface for receivables payments, leveraging the power of SinglePoint
- Customizable business rules and workflows quickly identify exceptions and route payments for review
- Upload invoice detail and/or supporting documents to transactions
- Reassociation of remittance data with the financial transaction (if separate)
- Strategic view of working capital cycle to enhance decision making

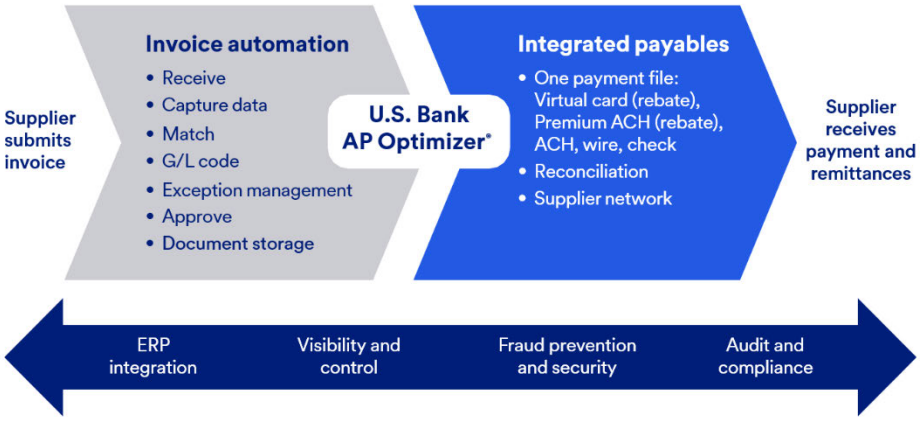
A simple and streamlined workflow

VantagePoint integration	VantagePoint delivers files	Actions for your A/R team
1. Maps remittance to payments 2. Matches invoices against A/R file 3. Links payer to transaction 4. Matches and augments payment 5. Identifies exceptions	You receive: • Closed transactions • Exceptions	1. Review and clear exceptions 2. Download posting file -or- automated transmission via API 3. Research payments 4. Act on reporting analytics

VantagePoint is highly configurable with an array of features you can use to benefit the City's operations. We will gladly provide a demonstration so you can see the possibilities and ask questions specific to your challenges and objectives.

AP Optimizer

You can completely automate your accounts payable (A/P) process, from invoice intake through approval, to payment and reconciliation. AP Optimizer is ERP agnostic and can integrate via multiple various protocols with minimal IT support, and it comes with a network of 500,000+ suppliers already accepting payment. Reconciliation is easy because all payments are disbursed through a single platform. You'll reduce fraud and see day-one improvements in process efficiencies, cost savings, higher rebates and complete payment control.



Reduce fraud across the payment spectrum

- Improve security and compliance with fraud prevention services, real-time reporting and a complete audit trail
- Convert paper documents and manual tasks into fraud-resistant, auditable workflows
- Prevent unauthorized access with stringent security protocols and technologies
- Protect sensitive information, transactions and accounts with secure storage of supplier payment accounts

The City will benefit from additional security, process control, digitization and cost savings – as you earn rebate on virtual card and Premium ACH. AP Optimizer:

- Allows automation of invoices and payments while facilitating disbursement and reconciliation of all electronic payment types
- Integrates via multiple various protocols with minimal IT support
- Significantly mitigates internal and external fraud while eliminating supplier account data storage risks
- Expedites ROI through a simple, fast implementation process – backed by the strength and stability of U.S. Bank

Outsourced check printing

U.S. Bank Check Payables is an efficient and secure solution to outsource the printing and mailing of paper checks, intended to reduce risk and improve fraud prevention.

- **Cost-effective process**—Outsourcing check printing reduces your check stock and storage expenses. With check payables, your internal administrative paperwork, processing time and staff expenses are also reduced.
- **Print and insert brochures**—You may request customized brochures be printed and placed in the mailing or pre-printed brochures can be included.
- **Shipping options**—Several shipping methods are available for each check produced: First Class mail, foreign mail, Federal Express or UPS. Checks can be mailed directly from our print location or can be sent to you for mailing.
- **Flexible formats**—We accept industry standards such as ANSI X12, BAI and XML, a standard flat file, and proprietary flat files. Files can be transmitted to us directly from you or your third-party data processor, such as a VAN. Alternately, checks may be individually keyed in or uploaded via a standard CSV format via SinglePoint Check Payables. This flexibility makes check payables easy to use.
- **Fraud prevention measures**—The same day checks are issued, a data file with checks issued information will automatically update positive pay and, if applicable, your account reconciliation system. This reduces your exposure to check fraud.
- **Check stock security features**—Printed watermark on back, micro-print border, void pantograph and thermo-sensitive ink padlock on the check face are some of the many security features built into the check stock we use for check payables. These design features give another layer of risk and fraud protection.
- **Optional API integration**—The City can automate your payables process via an API. The U.S. Bank Check Payables API enables you to directly integrate your ERP to U.S. Bank, giving your A/P staff more time for other work and enhancing the visibility of your check processing.

Additional services will be priced at the time of implementation.

Please refer to form No. 5, V.7.

Q. Form No. 11: Certification Of Signature Authority

FORM NO. 11: CERTIFICATION OF SIGNATURE AUTHORITY

I Anna Milbach (print name), am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial]

AM. I hereby certify that the signature on the contract document has the authority to sign contracts on behalf of the company and to legally bind the company in the execution of said contract documents.

U.S. Bank N.A.

Company Name (List Official Name of Business Entity)

[redacted]

Signature

Anna Milbach

Print Name

Senior Vice President

Title

Revised: BC: 6-6-2023
Approved by Legal:

R. Additional Agreements/Contracts

Please refer to the following attachments:

- **Attachment R.1, U.S. Bank Services Terms and Conditions**
- **Attachment R.2, U.S. Bank Master Services Agreement with Appendix A**
- **Attachment R.3, Your Deposit Account Agreement**

S. A sample copy of the bank's account analysis shall be submitted with your proposal.

Please refer to the following attachments:

- **Attachment S.1, U.S. Bank Sample Account Analysis**
- **Attachment S.2, Understanding Your Account Analysis**

T. PCI Certified (documentation of certification must be submitted with your proposal.

Please refer to **Attachment T.1, Elavon PCI Compliance**.

Elavon is a participating organization of the PCI SSC and a PCI Level 1 Compliant Service Provider.

Proof of PCI DSS compliance can be found by visiting usa.visa.com/splisting/splistingindex.html and searching for Elavon, Inc.

U. Submit copies of your firm's bond reports with your proposal.

Please refer to **Attachment U.1, U.S. Bank Safekeeping Sample Monthly Statement**.

V. Provide copies of recently published reports supporting at least two of the credit ratings.

Please refer to **Attachment V.1, U.S. Bank Credit Ratings**.

U.S. Bancorp continues to deliver consistent, predictable, repeatable, industry-leading financial results. Our disciplined business operations at all levels give us confidence in the commitments and decisions we make, allowing us to do what's right for our shareholders, customers and communities. We have a proven track record of success, including debt ratings that are among the highest in the banking industry. We are

focused on being the most trusted choice, creating the future now, driving one U.S. Bancorp and striving for simplicity to honor our commitment to strengthen financial futures together.

We are rated by the credit rating agencies Moody's, Standard & Poor's (S&P), Fitch and DBRS.

Our debt ratings are available at: ir.usbank.com/investor-relations/financial-information/credit-ratings.

W. Submit copies of the last two fiscal years' financial statements.

Please refer to the following attachments:

- **Attachment W.1, U.S. Bancorp Annual Report 2021**
- **Attachment W.2, U.S. Bancorp Annual Report 2022**

The U.S. Bancorp Annual Report, which includes three years of financial statements, is available at ir.usbank.com/investor-relations/financial-information/annual-reports.

Call reports

Call reports are available at ir.usbank.com/investor-relations/financial-information/reports.

10-Q

U.S. Bancorp 10-Q reports are available by selecting Quarterly Filings from the drop-down menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

10-K

U.S. Bancorp 10-K reports are available by selecting Annual Filings from the drop-down menu at ir.usbank.com/investor-relations/financial-information/sec-and-other-filings.

Part IV: Insurance Requirements

Without limiting any of the other obligations or liabilities of the Service Provider, the Service Provider shall secure and maintain at its own cost and expense, throughout the duration of this Contract and until the work is completed and accepted by the City, insurance of such types and in such amounts as may be necessary to protect it and the interests of the City against all hazards or risks of loss as hereunder specified or which may arise out of the performance of the Contract Documents. The form and limits of such insurance, together with the underwriter thereof in each case, are subject to approval by the City. Regardless of such approval, it shall be the responsibility of the Service Provider to maintain adequate insurance coverage at all times during the term of the Contract. Failure of the Service Provider to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under the Contract Documents.

The certificates of insurance, including evidence of the required endorsements hereunder or the policies, shall be filed with the City within ten (10) days after the date of the receipt of Notice of Award of the Contract to the Service Provider and prior to the start of work. All insurance policies shall provide thirty (30) days written notice to be given by the insurance company in question prior to modification or cancellation of such insurance and shall list the City as an additional insured and shall be accompanied by the policy's endorsements adding the City as an additional insured. Such notices shall be sent via email to purchasingquotes@springfieldmo.gov, faxed to 417-864-1927, or mailed to:

City of Springfield, 218 E. Central, Springfield, MO 65802

As of January 1, 2022, the minimum coverage for the insurance referred to herein shall be as set out below:

A. Workers' Compensation: Statutory coverage per RSMo 287.010 et seq

Employer's Liability: $1,000,000.00

[redacted]

B. Commercial General Liability Insurance, including coverage for Contractual Liability and Independent Contractors Liability. Such coverage shall apply to bodily injury and property damage on an "Occurrence Form Basis" with limits of at least Three Million and no/100 Dollars ($3,000,000.00) for all claims arising out of a single accident or occurrence. Service Provider agrees that the proceeds of such insurance policy shall first be used to pay any award, damages, costs, and/or attorney fees incurred by or assessed against City, its employees, officers and agents, before payment of any award, damages, costs or attorneys' fees of Service Provider, its employees, officers or agents. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy, including the City as an additional insured for coverage under its products-completed operations hazard, and said policy shall be primary and noncontributory.

[redacted]

C. Automobile Liability Insurance: Covering Bodily Injury and Property Damage for owned, non-owned and hired vehicles with limits of Three Million and no/100 Dollars ($3,000,000.00) for

all claims arising out of a single accident or occurrence. Service Provider agrees to cause its insurer to name City as an additional insured on such insurance policy.

D. Directors' and Officers' (D&O) Liability Insurance with an errors and omissions, and fraud clauses with a minimum limit of Five Million Dollars ($5,000,000.00).

E. Professional Liability: Technology Errors & Omissions insurance will be carried with a limit of at least One Million Dollars ($1,000,000.00) per occurrence or glitch. Such coverage shall include content/intellectual property coverage, and security/identity theft coverage. If insurance is written on a claims-made basis, vendor must maintain continuous coverage with a retro-active date prior to the effective date of the contract.

F. Network Security (Cyber) and Privacy Liability: Network Security (Cyber) and Privacy Liability insurance will be carried with a limit of at least One Million Dollars ($1,000,000.00) per occurrence and at least Two Million Dollars ($2,000,000.00) for each claim annual aggregate.

Such insurance shall include, but not limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include loss of use, breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Service Provider warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

G. Business Continuity Plan: Contractor must have a Business Continuity Plan. Describe the plan you currently have in place, as well as the process you have in place for safekeeping of all documents.

H. Subcontracts: In case any or all of this work is sublet, the Service Provider shall require the subcontractor to procure and maintain all insurance required in subparagraphs (A), (B), (C), (D), (E), (F) and (G) hereof and in like amounts. Service Provider shall require any and all

subcontractors with whom it enters into a contract to perform work on this project to protect the City of Springfield through insurance against applicable hazards or risks and shall, upon request of the City, provide evidence of such insurance.

[redacted]

I. **Notice: The Service Provider and/or subcontractor shall furnish to the City prior to beginning the work, satisfactory proof of carriage of all the insurance required by this contract, with the provision that policies shall not be canceled, modified or non- renewed without thirty (30) days written notice to the City of Springfield. The thirty (30) day cancellation notice is required to be identified on the submitted Certificate of Insurance (COI).**

[redacted]

City of Springfield RFP 006-2024 Letter of Transmittal

Understanding your needs

The City of Springfield (the City) needs a provider of comprehensive banking solutions with bench strength in both treasury services and with large municipalities and governments. The City can leverage our experience, our presence in Springfield and our understanding of your operational complexities and challenges. Your U.S. Bank team will deliver innovative processes, consistent service and financial stability.

Meeting your goals

Your U.S. Bank team stands ready to meet you where are today. Given the multi-year contract term proposed, our continued investment in a wide range of products and integrated delivery systems position us as a solid partner for the City's future as well. We are ready to examine the City's operations in a manner that facilitates more automation into daily processes. In addition, we help the City identify operational changes to make the biggest efficiency gains. We work with you to prioritize and achieve the greatest process improvements in the shortest amount of time.

Providing the right deposit and investment options

We are in a rapidly changing market environment. Your U.S. Bank team is committed to helping you achieve your objective of maximizing the earnings on your deposits. The checking accounts proposed would require very little management. The balances provided would more than cover the fees and excess interest earnings would be paid directly to you. Based on the average balance of $59 million provided by the City and our estimation of service volumes, the City would net around $190,000 per month in interest.

In addition, we offer our Money Center which provides a wide range of short-term investment solutions for you to choose from, depending upon your investment policy. The purchase of all investment vehicles is conducted with the assistance of a U.S. Bank Money Center representative in a self-directed, nondiscretionary manner. The Money Center representative serving the City is Larry Bala. Larry is based in Missouri and has been helping government clients with short-term fixed income investments for more than six years.

We will work with you to ensure we have the right account structure to maximize earnings in your primary operating account and will provide you competitive offerings to consider should you desire to make investments outside of your operating account. Money Center accounts and transactions are viewable in SinglePoint, our online banking platform.

U.S. Bank is currently offering the following bank managed rates to the City as of August 14, 2023:

- U.S. Bank Money Market Deposit Account at a rate of 4.50%
- Intra-Fi Cash Service (ICS) at a 5.00%
  - ICS utilizes a group of participating banks, all of which take a position under the FDIC limit which means the City's full deposit in ICS would be FDIC-insured
- Commercial Paper either through a sweep, SinglePoint Investment module or by moving funds manually at a 5.10%
  - The sweep can be on the main operating account or another account
  - To comply with Missouri's restrictions regarding the maximum investment in Commercial Paper for a government, U.S. Bank sweeps can have both a peg and a ceiling
    - A peg provides a certain dollar threshold to determine how much is swept and what remains in the account. As an example, with a $2 million peg balance, the sweep would sweep all funds over $2 million

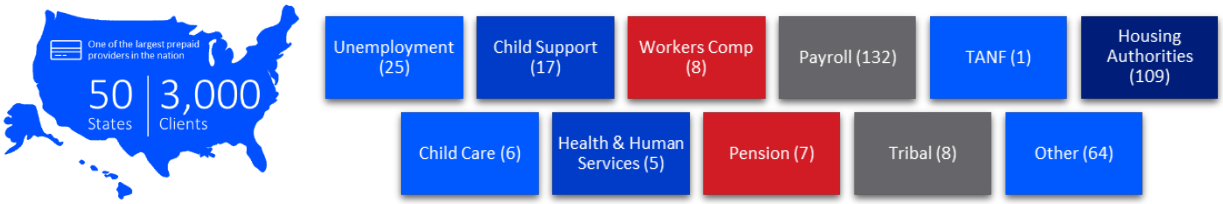
– A ceiling would max out the amount of funds swept. If the City established a $2 million peg balance and $10 million ceiling for the sweep amount, an account with a $15 million balance would sweep $10 million

All rates are believed to be accurate and are subject to change without notice. If an error is found after trade is placed, U.S. Bank has the right to reject, refuse to honor or reverse the transaction request.

Please note, U.S. Bank will honor the prices noted in this RFP for standalone deposit Money Center accounts if the City ultimately awards the RFP to another bank provider.

Continued investment in prepaid card products

As a leader in the prepaid industry for nearly two decades, U.S. Bank is adept at helping our clients determine the right payment solution. We have a wealth of experience serving clients of all sizes and across numerous industries. We currently partner with more than 3,000 clients including 382 state agencies in 47 states/districts to distribute funds via electronic payment cards.



We are an industry-leader and have extensive experience in payments, but our expertise doesn't stop with one card program. Prepaid is a strategic focus for the U.S. Bank Payments business with scale and experience to meet even the most complex disbursement needs. Our wholly owned processing platform, FSV Payment Systems, is used by 40% of the top prepaid issuers and processes more than $50 billion in loads annually to more than 2 million cardholders. Our team of more than 400 prepaid professionals provide outstanding support to our 3,000+ corporate and government clients.

Purchasing cards designed for the public sector

U.S. Bank has been providing commercial card and Virtual Pay products and services to the City since 2019, allowing the City to successfully procure, purchase and travel. As the City has expanded its program needs, we've been there as a trusted partner and the City's program has doubled since its inception in 2019.

Fully owned merchant processor, Elavon

Elavon has been a leader in processing payments for more than 30 years, leveraging the world's best technologies for our customers, from large worldwide enterprises to locally owned small businesses. We extend powerful payment solutions for all payment types and processing environments, ensuring that your business, whatever the size, remains well connected.

Elavon's Global Acquiring Solutions organization (formerly known as NOVA Information Systems in the U.S. and euroConex in Europe) was founded in 1991. Elavon, Inc. is headquartered in Atlanta, Georgia and maintains sales offices in major cities nationwide. Elavon's primary U.S. operations facilities are located in Knoxville, Tennessee and Englewood, Colorado. In July 2001, Elavon became a wholly owned subsidiary of U.S. Bank.

Superior team support with experience serving the public

Your relationship team, led by Anna Milbach, demonstrates the breadth and depth of experience that shape your daily interactions with us. With Becky Holmquist, your treasury management consultant, they guide our relationship-based service model, leading a team whose background, perspective and understanding of government operations bring invaluable insight to your program.

Not only do we specialize in banking government entities, but our Government Banking division employees have previous experience working in a variety of state and municipal offices. With an average tenure of more than 28 years, the U.S. Bank Government Banking team provide their diverse expertise and understanding of a government's detailed and specific requirements. The City can expect ongoing consultation on best practices, emerging technologies, changing regulations and other factors that may affect your banking services.

Excellence in service and implementation resources

The City can rely on our commitment to a superior client experience. Your implementation is executed against a detailed plan and managed in tandem with the City. Becky Holmquist initiates implementation with the support of a dedicated, experienced Client Integration specialist dedicated to serving government clients. Your team helps guide each assigned task to completion and confirms that each component of your plan functions with efficiency and accuracy. They ensure a smooth transition as they partner with relevant product lines and support teams.

After a successful implementation, the City employees will work with a dedicated Commercial Customer Service team. Highly skilled and extensively trained service staff respond to both routine and complex inquiries through online access to our systems and product databases.

Community commitment

U.S. Bank is committed to the City. This is evidenced by the five branches we have along with our recent partnership with the Downtown Springfield Association to provide both financial resources and assistance to help five Black, indigenous and people of color (BIPOC) business owners open a business downtown.

More than a bank, we're part of Missouri

We live and work here		We support business	
1M	Total customers	78K	Business customers[1]
5K	Employees	32	Small Business Administration (SBA) loans[2]
152	Branches	$3M	SBA approved loan total[2]
381	ATMs		

We invest in the community

$10.8M	U.S. Bank Foundation and corporate giving[3]	**Outstanding**
$342K	In community development loans and investments to low-and-moderate-income communities[3]	rating received by U.S. Bank from the most recent Community Reinvestment Act (CRA) exam[4]
50K	Volunteer hours[3]	

We make an ongoing effort to be a good neighbor, an involved civic citizen and a caring public partner through financial support and employee volunteerism.

Choose U.S. Bank

Finally, as the City examines the enclosed offer in detail, consider the strength and dedication that position U.S. Bank to deliver the proposed banking services. The City benefits greatly from our ability to focus on perfecting financial functions for our clients. Our business model, operating philosophy and financial strength allow us to allocate significant resources, both in dollars and technology, toward the enhancement and development of products and services.

The City will partner with the financial institution most capable of providing the highest level of service at the lowest cost. Our proposal delivers on that objective by offering minimized bank costs and a path to improved operational efficiency. We are confident you will find our focus on your long-term success unmatched and look forward to our future partnership.

Anna Milbach
Senior Vice President

Becky Holmquist
Vice President

ADDENDUM #1

CITY OF SPRINGFIELD, MISSOURI
DIVISION OF PURCHASES

REQUEST FOR PROPOSAL (RFP) #006-2024

FOR: BANKING SERVICES

Denise Neuleib, Buyer
Email: dneuleib@springfieldmo.gov
Phone: 417-864-1624

Date Issued: August 23, 2023
***REVISED DUE DATE*: WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M.**

The original **Request for Proposal #006-2024** for **BANKING SERVICES** documents shall remain in effect except as revised by the following changes, which shall take precedence over anything to the contrary in the specifications.

Please Note: The format of this addendum document will detail questions asked, answers provided, clarifications and statements made and will be denoted as follows: Q = Question, A = Answer, C = Clarification and S = Statement

S1 = The original solicitation document for **Request for Proposal #006-2024** had an original closing date and time of Friday, August 25, 2023 by 3:00 P.M. (CT). **The bid opening date has been extended until WEDNESDAY, SEPTEMBER 6, 2023 BY 3:00 P.M. (CT).**

S2 = The following exhibits have been added to RFP #006-2024:

Exhibit A-4: Account Balance and Interest Rate Information
Exhibit A-5: Investment Summary

U.S. Bank has received and acknowledges City of Springfield RFP # 006-2024 Addendum 1.

[redacted]

U.S. Bank Money Center

Investment solutions for your unique financial needs

Backed by the strength and security of U.S. Bank, we're ready to help customize investment solutions for your needs. We provide a full range of fixed-income offerings, including short-term money market products and government securities to institutional clients like you.

Discover your portfolio

Our broad capabilities will help you design a portfolio that works for your organization. With Money Center as your trusted partner, you can:

- Invest the way you want (automated sweeps, phone, email or online)
- Align custom solutions to your cash flow needs and risk profile
- Access options carrying U.S. Bank and U.S. Bancorp credit quality
- Receive support navigating regulatory impact

Work with a team focused on you

Benefit from our team-based approach and ability to deliver immediate services for institutional clients. Our group of investment professionals, averaging more than 15 years in the industry, will help maximize your investment relationship by:

- Understanding your investment philosophy
- Sharing market trends and emerging solutions
- Providing trading flexibility and diverse options

Specific offerings from the Money Center include:

Products	Credit worthiness	Term of investment	Size of investment	Liquidity
U.S. Bank Money Market Deposit Account (MMDA)	FDIC insured up to the maximum allowed by law See U.S. Bank ratings	Daily liquid Convertible – Converts to a deposit available to be withdrawn 31 days after depositor notification	Daily liquid – Minimum deposit of $500,000 Convertible – Minimum deposit of $5,000,000 Any increment	Daily liquid Convertible – Funds available 31 days after withdrawal notification
U.S. Bank certificates of deposit (CDs)	FDIC insured up to the maximum allowed by law See U.S. Bank ratings	Seven days to five years Matures on any business day	Minimum of $500,000 Any increment	Must be held to maturity
U.S. Bank eurodollar	Eurodollar deposits are a liability of U.S. Bank Grand Cayman Island branch See U.S. Bank ratings	Sweep – Self-directed trades at the option of the investor Convertible – Converts to a 31 day maturity at the option of the investor Term – Overnight to five years, matures on any business day	Sweep and term – Minimum $500,000 investment Convertible – Minimum investment of $5,000,000 Any increment	Sweep – Daily liquid Convertible – Funds available after 31 day investment maturity Term – Must be held to maturity
U.S. Bank interest bearing Demand Deposit Account (IB DDA)	FDIC insured up to the maximum allowed by law See U.S. Bank ratings	Daily liquid	Minimum of $500,000 Any increment	Daily liquid
U.S. Bank commercial paper	Commercial paper is a liability of U.S. Bank See U.S. Bank ratings	Sweep – Daily automatic transfers into and out of checking and sweep accounts or through self-directed trades at the option of the investor Convertible – Converts to a 31 day maturity at the option of the investor Term – Overnight to 270 days, matures on any business day	Sweep and term – Minimum $500,000 investment Convertible – Minimum investment of $5,000,000 Any increment	Sweep – Daily liquid Convertible – Funds available after 31 day investment maturity Term – Must be held to maturity
U.S. Bank bankers' acceptance (BAs)	Two commitments to repay the debt: the underlying borrower and U.S. Bank	Overnight to 365 days Matures on any business day	Varies by specific bankers' acceptance issued Any increment	Must be held to maturity
Secondary market commercial paper	Varies by issuer Issuers include the largest, most credit-worthy corporations in the country Generally rated as to quality by rating services such as Moody's Investor Services, Standard & Poor's and Fitch Ratings	Term – Overnight to 270 days, matures on any business day based on issuer needs	Typically minimum $500,000 investment Increments of $1,000	Must be held to maturity
United States Treasury bills, notes and bonds	Backed by the full faith and credit of the United States government Subject to interest rate risk	Bills – One year or less, Tuesday or Thursday maturities only Notes and bonds – Up to 30 years, matures on 15th or last day of month	Minimum of $1,000 Increments of $1,000	Active secondary market
Agency notes and bonds	Implied (but not explicit) guarantee of the United States government Agencies authorized to borrow from the U.S. Treasury in an emergency Subject to interest rate risk	Discount notes – One year or less Notes and bonds – Up to 30 years, some are callable prior to maturity	Typically minimum $500,000 investment Increments of $1,000	Active secondary market
Money market mutual funds	Varies by fund Three main classes of funds – Treasury, Government, and Prime	Weighted average life and weighted average maturity vary by fund	Varies by fund	Daily liquid

To learn more about our product offerings and how we can help you achieve your business goals, contact:

Money Center
Corporate Treasury Division

U.S. Bank
800 Nicollet Mall
Minneapolis, MN 55402
866.213.2022

usbank.com

For purposes of Rule 15Ba1-1 et seq. (the "Rule") under Section 15B of the Securities Exchange Act of 1934 (the "Act"), U.S. Bank National Association ("Bank"): (1) is not recommending and will not recommend an action to Customer; (2) is not providing and will not provide "advice" to Customer as defined in the Rule, and any information or communication from Bank in respect of Customer's account with the Money Center or the Safekeeping Departments of Bank (the "Account(s)") or in respect of any securities transaction or potential securities transaction to be executed via the Account(s) is not intended to be and should not be construed as "advice" as defined in the Rule; and (3) Bank is not acting as an advisor to Customer and does not owe Customer any fiduciary duty pursuant to Section 15B of the Act or otherwise with respect to any such Account(s), information, communication, transaction or potential transaction.

Customer should discuss any information or material provided to Customer by Bank in connection with trading, investing, or other activity in the Account(s) with any and all of Customer's internal or external advisors and experts that Customer deems appropriate before acting on any such information or material.

Investment products are:
NOT A BANK DEPOSIT • NOT FDIC-INSURED • NOT GUARANTEED BY THE BANK • MAY LOSE VALUE • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank National Association and an indirect subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc. Quasar Distributors, LLC, distributor.

Although money market mutual funds seek to preserve the value of your investment, it is possible to lose money by investing in a money market mutual fund. Past performance does not guarantee future results. You may obtain a prospectus for available money market mutual funds that contains more complete information, including investment policy, fees, and expenses from your Money Center Representative. Read the prospectus carefully before you invest. For certain mutual funds, the mutual fund's investment adviser may have elected to waive or absorb all or a portion of fees during a given period. This waiver or absorption would have the effect of increasing a mutual fund's reported yields. Information about any waivers can be found in the mutual fund's prospectus.

"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.
Deposit products offered by U.S. Bank National Association. Member FDIC. ©2023 U.S. Bank 928306 (2/23)

Commercial paper

What is commercial paper?

Commercial paper is a short-term unsecured promissory note issued by a corporation for a maturity specified by the issuer. Commercial paper is issued primarily by independent finance companies, finance subsidiaries of major corporations and asset-backed issuers.

What are the investment parameters?

Commercial paper maturities range from one day (overnight) up to 270 days. However, the majority of commercial paper matures in under 45 days. Investors have a choice between "interest bearing" and "discounted" commercial paper. When purchased as interest bearing, the investor pays par value and is credited at maturity with par value and interest. When purchased at a discount, the investor pays less than the par amount and is credited at maturity with the par amount. Regardless of the type, the yield is the same.

How is the rate determined on commercial paper?

Commercial paper issuers determine the rate they want to pay for each maturity range based upon market condition and/or cash needs. In a normal yield curve market, issuers will "reward" investors for longer maturity dates. Rates will often be grouped by maturity ranges (i.e., 15-29 days, 30-44 days, 45-60 days, etc.). The yield is based on an actual/360 day basis.

How do I receive my interest?

Interest-bearing commercial paper pays interest at maturity. Discounted commercial paper pays the par value of the investment at maturity. The difference between the amount paid and the par value is the interest earned.

Income earned is subject to both federal and state income tax. Consult your tax advisor, as U.S. Bank does not offer tax advice.

Investment products are:

NOT A BANK DEPOSIT	NOT FDIC INSURED	NOT GUARANTEED BY THE BANK	MAY LOSE VALUE
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY			

What is the liquidity feature?

Generally, commercial paper is bought with the obligation to hold it to maturity. There is no active secondary market of commercial paper. If there is an unexpected cash need, issuers have the choice to accept a "prepay." If the issuers accept a prepay, then the holder of the investment receives a different interest rate, based upon the actual length of time the investment was held. There may also be a prepayment fee charged to the customer.

What is the credit quality of commercial paper?

Commercial paper is an unsecured promissory note issued by a company or corporation. Therefore, it is wise for the investor to know the credit quality of the company issuing the paper. Nationally recognized rating organizations, such as Moody's Investors Service or Standard & Poor's assess the credit quality of companies and commercial paper issuers. The ratings given to companies by these services indicate the likelihood that loans will be repaid at maturity. Companies receiving higher ratings tend to receive lower interest rates for debt repayment from their lenders. Likewise, companies receiving lower ratings are generally required to pay higher interest rates.

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Customer should discuss any information or material provided to Customer by Bank in connection with trading, investing, or other activity in the Account(s) with any and all of Customer's internal or external advisors and experts that Customer deems appropriate before acting on any such information or material.

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What is ICS®?

How does it work?

U.S. Bank is a participating institution of the IntraFi Cash Service℠ (ICS), a service offered by IntraFi Network LLC. When you choose to invest through ICS, the funds are placed into deposit accounts established at other ICS participating institutions, in amounts less than the standard FDIC insurance maximum, so that both principal and interest are eligible for FDIC protection. As a result, you can access coverage from many banks, while working directly with just one bank.

What are some of the benefits of ICS?

- **Multi-million-dollar FDIC insurance eligibility**. Using the ICS service, you can access multi-million-dollar FDIC insurance on deposit accounts.
- **One bank.** You work directly with U.S. Bank when placing large deposits. With ICS, you can avoid the hassle of opening accounts at different banks in different insurable capabilities.
- **One rate**. You earn one interest rate on your funds through ICS. There's no need to negotiate multiple rates or manually tally disbursements for each account.
- **Online access.** You have daily online access to your deposit placement details.
- **No fees.** U.S. Bank does not charge an annual fee, subscription fee or transaction fee for using the ICS service.

What is the liquidity feature?

The funds are liquid daily. Deposit placements or withdrawals for ICS accounts must be placed by 1 p.m. CT to receive same-day credit/debit.

How do I receive my interest?

Interest is automatically reinvested on the first day of the month. Income earned is subject to both federal and state income tax. Consult your tax advisor, as U.S. Bank does not offer tax advice.

Financial institution exclusions and placement changes.

Upon opening your ICS account, you may provide a list of financial institutions to exclude for placement of ICS deposits. This list can be updated as needed. Your deposits in ICS member institutions may change daily, as member institution funding needs are subject to change. In no event will ICS place your funds in a way that would exceed the FDIC insurance maximum, provided that you maintain a current list of deposit balances kept at financial institutions through the exclusion list. You have the ability to view your current financial institutions and make daily changes through the online reporting feature.

For purposes of Rule 15Ba1-1 et seq. (the "Rule") under Section 15B of the Securities Exchange Act of 1934 (the "Act"), U.S. Bank National Association ("Bank"): (1) is not recommending and will not recommend an action to Customer; (2) is not providing and will not provide "advice" to Customer as defined in the Rule, and any information or communication from Bank in respect of Customer's account with the Money Center or the Safekeeping Departments of Bank (the "Account(s)") or in respect of any securities transaction or potential securities transaction to be executed via the Account(s) is not intended to be and should not be construed as "advice" as defined in the Rule; and (3) Bank is not acting as an advisor to Customer and does not owe Customer any fiduciary duty pursuant to Section 15B of the Act or otherwise with respect to any such Account(s), information, communication, transaction or potential transaction.

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U.S. Bank is not affiliated with IntraFi Network and its services.

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U.S. Bank National Premier Availability Schedule

October 2020

This document details the float assignment and deadlines for image delivered deposits made to accounts using the U.S. Bank National Premier availability schedule. Use this document as a guide for when to expect funds to become collected. Questions regarding this availability schedule should be directed to your Relationship Manager or Treasury Management Sales Consultant.

National Premier Availability Schedule Detail

Item Type	Float Assignment	Deadline	If deposited by the deadline the funds become collected:
U.S. Bank On-Us Items	0 Day	End of Day	Today
Transit Items	1 Day	End of Day	Tomorrow
Government Items	1 Day	End of Day	Tomorrow

Availability Schedule Notes

- All times on the schedule are local time unless noted.
- Deposits are considered received if they are made on a business day before U.S. Bank's ledger credit cutoff. Deposits made on other days or after the ledger credit cutoff will be considered to be received on the next business day.
- Every day, except Saturday, Sunday and federal holidays, is considered a business day.
- Deposits received on Saturday or Sunday will be assigned 0 day float on all items on the next business day if the deposit is received before 10:00 pm on Sunday.
- The standard ledger deadlines are:
  - 4 PM CT for Correspondent Bank image forward deposits
  - 9 PM CT for Correspondent Bank image return deposits
  - 10 PM CT for Corporate image deposits
  - 10 PM Local Time for paper deposits
- The deadline noted on this schedule is the time that U.S. Bank receives the deposit in item processing. If using a vendor, add the needed processing time to ensure delivery by desired deadline.
- Government items include: Postal Money Orders, Treasury Checks, and U.S. Savings Bonds.
- U.S. Bank Controlled Disbursement checks will be assigned one day float.
- Deposited items returned will be assigned one business day of float.
- Returned items automatically re-deposited will be assigned additional days of float.
- Canadian checks will be assigned 0-days of float if deposited electronically by 11 AM CT Monday-Friday and 4-days of float if deposited non electronically. Canadian checks will be assigned 0-days of float if deposited electronically from 12:01 AM Saturday through 10 PM CT Sunday and 3-days of float if deposited non electronically.
- Availability may be deferred one day on select "Payable Through" and "Clearing House Funds" drafts.
- U.S. Bank no longer accepts single checks greater than $99,999,999.99.
- Decrement one day of float for deposits processed as next day ledger post.
- This schedule is subject to change without notice.

City of Springfield Implementation Schedule

Color Legend: Documentation Standard Complex

Product
ACH Direct with Transmission
ACH Services - Block / Filter, ACT, UPI EDI/SinglePoint
On-site Electronic Deposit (OED)
Positive Pay
Return Items Special Instructions
SinglePoint - including Payables, Wire RTP and Account Validation
SInglePoint with Transmissions and P Encryption
Sweep
Wires (Voice)
Zero/Target Balance Accounts (ZBA)

[redacted]

This implementation schedule is an

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Account Analysis & Billing

City of Springfield

Consolidated Analysis Summary

Lead Account Number	XXXXXXXXXXXX
Earnings Credit Rate	0.00%
Negative Collected Rate	0.00%
Current Month Multiplier	
Settlement Frequency	Monthly

Balance Summary

Average Ledger Balance	[redacted]
Average Float	
Average Collected Balance	
Average Negative Collected	
Average Positive Collected Balance	

Settlement Analysis

Average Positive Collected Balance	[redacted]
Fee Based Collected Balance (Net of Reserves)	
Collected Balance Available for Earnings Credit Services	
Earnings Credit @ 0%	
Interest Paid on Balances	
Earnings Credit Based Service Charges	
Current Month Surplus/(Deficit) Position	
Net Service Charges	

Net of Interest and Service Charges

Interest Earned on Interest Bearing Checking	[redacted]
Net Service Charge	
Interest Earned Less Service Charges	

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
	Depository Services	[redacted]			
010410	Paper Account Analysis Stmt				
010010	Money Mkt Savings Maintenance				
010000	Account Maintenance				
010101	Paper Credits				
010101	Electronic Credits				
010100	Paper Debits				

September 2023

usbank
Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
010100	Electronic Debits	[redacted]			
150101	Reject Checks Paid				
150101	For First 50 Per Acct				
150101	For Over 50 Per Acct				
100224	Deposited Item				
100400	Returned Deposited Items				
100405	Returned Item Special Instruc				
100405	For First 1				
100405	For Over 1				
100402	Redeposited Returned Item				
100403	Returned Item Image Viewed				
100414	Returned Item Img Advice View				
000230	Deposit Coverage				
150240	Check Filter Monthly Maint				
150320	Check Filter Items Returned				
010600	Account Inquiry				
010630	Deposit Error Correction				
	Subtotal Depository Services				
	Account Reconcilement Services				
150030	SP Positive Pay Only Maint				
150120	SP Pos Pay Only - per Item				
150322	SP Checks Returned				
100600	Deposit Recon Maint				
100610	Deposit Recon Items				
20020B	SP Issue/Cancel Input				
150310	SP Positive Pay Exceptions				
20020B	SP Issue Mnt Upload - per File				
20020B	For First 6 Per Acct				
20020B	For Over 6 Per Acct				
159999	SP Issue Mnt Confirm-per File				
150310	SP Unreviewed Payee Exceptions				
200201	Transmission Input				
200301	ARP Transmission Output				
200301	ARP Transmission - per Item				
150122	Payee Positive Pay Maintenance				
151022	Payee Positive Pay-per Item				
150122	SP Payee Pos Pay Exceptions				
	Subtotal Account Reconcilement Services				
	SinglePoint				
400272	Sp Current Day Per Acct				
400272	For First 1				
400272	For Over 1				
400272	Sp Current Day Per Item				
400272	Sp Previous Day Per Acct				
400272	For First 1				

Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
400272	For Over 1	[redacted]			
400272	Sp Previous Day Per Item				
010407	Account Analysis Report CSV				
409999	Monthly DDA Statement PDF				
250720	ACH Return and NOC Report				
250720	For First 1				
250720	For Over 1				
400800	SP Extended Retention-12 mos				
400800	SP Extended Retention-24 mos				
401020	SP Token Monthly Maintenance				
400810	SP User Add/Modify/Delete				
400810	SP Account Add/Modify/Delete				
400820	SP Bank Assist Password Reset				
400110	Previous Day Xmit Mo Maint				
400110	For First 1				
400110	For Over 1				
400110	Prev Day Xmit-per Transmit				
400232	Previous Day Xmit-per Item				
409999	SP Book Transfer Mo Maint				
409999	For First 1				
409999	For Over 1				
409999	SP Book Transfer-per Transfer				
150410	SP Stop Payments Mo Maint				
150410	For First 1				
150410	For Over 1				
150410	SP Stop Payments-per Stop				
150413	SP Stop Payments-per Revoke				
150412	SP Stop Pmt Renewal-per Stop				
250000	SP ACH Origination Mo Maint				
250000	For First 1				
250000	For Over 1				
250000	SP ACH Positive Pay Mo Maint				
350000	SP Wires Monthly Maintena				
350000	For First 1				
350000	For Over 1				
250000	SP ACH POS Pay Authorization				
250000	SP ACH POS Pay per Paid Item				
200201	SP Issue Maint Mo Maintenance				
200201	For First 1				
200201	For Over 1				
151350	SP Image Access Mo Maint				
151350	SP Image File - per Acct				
409999	Invest Reporting Mo Maint				
409999	Invest Trade Portal Mo Maint				
409999	For First 1				
409999	For Over 1				
409999	SP External Message Mo Maint				
409999	For First 1				
409999	For Over 1				

Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
409999	SP External User Message Sent	[redacted]			
409999	SP External User Task Sent				
	Subtotal SinglePoint				
	Wire Transfers				
350000	Wire Monthly Maint Voice-Pin				
350300	Incoming Fedwire				
350712	Incoming Intl Wire				
350300	Incoming Fedwire Ctp				
350541	Repaired Outgoing Wire				
350540	Cancelled Outgoing Wire				
350500	Returned Incoming Wire				
350100	SP Fedwire Repetitive				
350104	SP Fedwire Non-Repetitive				
350700	SP Intl USD Repetitive				
350700	SP Intl USD Non-Repetitive				
350120	SP Internal				
	Subtotal Wire Transfers				
	Faster Payments				
359999	RTP Origination				
359999	If 1 - 100 Per Acct				
359999	If 101 - 1000 Per Acct				
359999	If 1001 - 5000 Per Acct				
359999	If 5001 - 10000 Per Acct				
359999	If Over 10000 Per Acct				
359999	RTP Request for Payment				
359999	RTP Monthly Maintenance				
251110	AVS Status per Item				
251110	AVS Ownership per Item				
251110	AVS Translated Tot Mo per Item				
251110	AVS Basic per Item				
	Subtotal Faster Payments				
	Zero Balance Accounts				
010020	ZBA Lead				
010021	ZBA Subsidiary				
	Subtotal Zero Balance Accounts				
	Sweep				
450020	Commercial Money Fund Sweep				
450020	Commercial Paper Sweep				
	Subtotal Sweep				

Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
	Image Services	[redacted]			
151351	SP Cks Pd per item Stored				
151351	Dep Itms Img per Item Stored				
151354	SP Image File - per Item				
151354	SP Image File-per Transmission				
151352	SP Short Term Imgs Retrieved				
	Subtotal Image Services				
	ACH Services				
250000	ACH Monthly Maintenance				
250120	ACH Originated Addenda Item				
250501	ACH Process Run				
250102	ACH Orig Transit Item				
250102	If 1 - 10000 Per Acct				
250102	If Over 10000 Per Acct				
250102	ACH Originated On-US Item				
250102	If 1 - 10000 Per Acct				
250102	If Over 10000 Per Acct				
259999	ACH File Confirmation Email				
250202	ACH Received Item				
250220	ACH Received Addenda Item				
250300	Unauth ACH Return - per Item				
250302	ACH Return-per Item				
251070	ACH Notification of Change				
250640	ACH Item Adjustment Request				
250641	ACH Batch Adjustment Request				
250641	ACH Letter of Indemnity				
250102	Same Day ACH Orig Transit Item				
259999	SDA Special Processing				
250102	SP ACH On-US Item				
250102	SP ACH Transit Item				
250102	SinglePoint SDA Transit Item				
250505	SP ACH Process Run				
250302	SP ACH Rtn Item				
250300	SP Unauth ACH Ret - per Item				
251070	SP ACH NOC Item				
	Subtotal ACH Services				
	Branch Coin/Currency Services				
10001Z	Cash Deposited-per $100				
100011	Coin Deposited-per Roll				
100012	Loose Mixed Coin Dep-per Bag				
100014	Fed Ready Coin Dep-per Bag				
100000	Branch Deposit Processing Fee				
109999	Night Dep Processing-per Dep				
100501	Cash Deposit Adjustment Fee				
100003	Non-compliant BCF deposit fee				

Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
10004A	Currency Ordered-per Strap				
100048	Loose Currency Ordered/$100				
100044	Coin Rolls Ordered-per Roll				
100046	Coin Rolls Ordered-per Box				
100047	Loose Coin Ordered-per Bag				
100040	Standard Chng Order-per Order				
	Subtotal Branch Coin/Currency Services				
	Electronic Deposit Services				
101300	EDM Monthly Maint - per Acct				
101300	For First 1				
101300	For Over 1				
101300	Web Monthly Maint - per Wrkstn				
101300	If 1 - 10				
101300	If 11 - 50				
101300	If Over 50				
109999	Deposit Credit				
101311	Image Check Item - On-Us	1			
101310	Image Check Item - Transit	8			
	Subtotal Electronic Deposit				
	Total Service Charges				
	One Time and Annual Charges				
101330	Web Client Setup and Training				
101333	Digital Chk TS240 x50 Scanner				
101333	Digital Chk TS240 x100 Scanner				
101333	Digital Check TS240 Warranty				
159999	Check Filter Setup				
151600	Payee Positive Pay Setup				
109999	Setup Deposit Recon				
200410	Setup Transmission Output				
010702	ZBA Setup				
450510	Sweep Setup Fee				
151600	SP Image File Delivery Setup				
251000	ACH Direct Setup				
	Total One Time and Annual Service Charges				

Account Analysis & Billing

AFP	Service	Volume	Unit Price	Total Price	Collected Balance Required
[redacted]					

Elavon Proposed Pricing

A summary of our proposed fees and Interchange Pass-through Plus pricing structure is listed below. Proposed pricing is subject to full approval from Elavon Finance and Underwriting teams.

The intent of this proposal is to help the requestor become acquainted with the products and services that Elavon offers. This proposal does not constitute a contract between the parties, nor is the submission of the proposal an agreement to the requestor's terms or an acceptance or certification to any required representations, certifications, covenants, or warranties included in the RFP. The Payment Networks require that Elavon enter into agreements with its customers containing specific provisions mandated by the Payment Network Regulations. In the event that Elavon is the successful bidder, Elavon will require the requestor to execute the Elavon Company Application – Government/Institutional and applicable enrollment forms, which incorporate Elavon's Terms of Service (collectively, the "Elavon Agreement," located at mypaymentsinsider.com/api/file/c/Terms_of_Service_English. In the event of a conflict, the terms of the Elavon Agreement control.

All Card Association and debit network authorization and interchange fees, assessments, dues and other fees and charges are passed on to you at cost.

Item	Fee
Card Processing Fees	
Interchange Pass-through Plus Visa, Mastercard, Discover	[redacted]
Service and Accoun	
Monthly Minimum Discount	
Chargeback Fee	
Voice Authorization	
PCI	
PCI Basic Monthly Fee	
PCI Plus Monthly Fee (recommended for software)	
Safe-T Monthly Fee (recommended for countertop)	
Equip	
Ingenico Desk/3500	
Ingenico Desk/5000	
Ingenico Axium (Base optional)	
Converge	

Good people. Great experience. Payments power.

Financial Proposal for a One Card and Virtual Pay Program

PRESENTED TO
The City of Springfield, Missouri
Denise Neuleib
Buyer

SUBMITTED BY
Stephen Jacobs
Relationship Manager

September 6, 2023
RFP # 006-2024

Financial proposal

We are committed to providing competitive financial incentives to The City of Springfield, Missouri (the City). [redacted]

Performance incentive offer

[redacted]

Standard volume incentive

[redacted]

Discount interchange volume incentive

[redacted]

Speed of payment incentive

[redacted]

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

[2] File Turn Days are the number of days from the day U.S. Bank funds a charge transaction to the day payment for that transaction is posted, inclusive of the beginning and ending days.

Standard Volume Incentive **Discount Interchange Volume Incentive**

[redacted]

Speed of Payment Incentive

File Turn Days Payment Performance	Performance Percentage	File Turn Days Payment Performance	Performance Percentage	File Turn Days Payment Performance	Performance Percentage
[redacted]					

Sample incentive calculation

[redacted]

Combined incentive

[redacted]

Fees

Below are our fees for the City's program:

One Card	
Feature	Fee
General	
[redacted]	
Benefits	
[redacted]	

One Card	
Feature	Fee
Other	

[redacted]

U.S. Bank Virtual Pay	
Feature	Fee
General	

[redacted]

Other	

[redacted]

Confidentiality; Disclosures

We appreciate the opportunity to present a Financial Proposal for The City of Springfield, Missouri's one card and Virtual P program. If this proposal results in a contract award to U.S. Bank, we propose that the U.S. Bank Commercial Account Agreement continue to govern this relationship. Accordingly, please note that we do not agree to be bound by any terms and conditions proposed by The City of Springfield, Missouri unless and until such terms are incorporated into a final written agreement between the parties. This proposal represents the basis for a proposed business relationship and is not a contract for services.

Pricing features herein are valid for 120 days from the date of this proposal. The pricing contained in this Financial Proposal is predicated upon an effective date of December 1, 2023 (the "Proposed Effective Date"). If the resulting agreement between the parties is executed by November 30, 2023, the pricing contained herein will commence on the Proposed Effective Date. In the event the resulting agreement between the parties is not executed by November 30, 2023, the pricing will be effective upon signing. All pricing elements, including incentives, are subject to final credit approval by U.S. Bank, and are subject to change if credit is conditional upon collateral pledge, pre-payment or guarantor.

The documents provided in this proposal contain proprietary and confidential information of U.S. Bancorp and its affiliates and shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this proposal. U.S. Bancorp, its affiliates and subsidiaries retain ownership of the information contained in these documents. Any disclosure, publication or dissemination of the information by the recipient is prohibited without the prior written consent of U.S. Bank. If this proposal is subject to disclosure under a Freedom of Information Act, Sunshine Act or other applicable law, we request that these documents be afforded protection from disclosure to the maximum extent permissible under law as proprietary and confidential information.

Finally, please note that U.S. Bank National Association offers commercial card payment products in its own name and on behalf of its correspondent bank partners under the assumed name of Elan Financial Services (Elan). Please be advised that Elan, at the request of one or more of its partner banks, may submit separate proposal.

Exhibit XX

Prepaid Card Fee Schedules

Focus Card and Focus Non-Payroll Card cardholder fees

usbank

Focus Card cardholder fee schedule (payroll)

All fees	Amount	Details
Add Money		
Check Reload	[redacted]	
Cash Reload – Visa Readylink		
Cash Reload - GreenDot®		
Get cash		
ATM Withdrawal (in-network)	[redacted]	
ATM Withdrawal (out-of-network)		
Teller Cash Withdrawal		
Information		
ATM Balance Inquiry (in-network)	[redacted]	
ATM Balance Inquiry (out-of-network)		
Using your card outside the U.S.		
International Transaction	[redacted]	
International ATM Withdrawal		

usbank

All fees	Amount	Details
International ATM Balance Inquiry	[redacted]	
Other		
Card Replacement	[redacted]	
Card Replacement Expedited Delivery		
Card Replacement Overnight Delivery		
Inactivity		
Other Third-Party Fees		

Transaction Limits

For security reasons, there are limitations on the number and amount of transactions that you may perform with your card. There may be additional limits on the amount, number or types of transactions you can make using your card and for security reasons we do not disclose these limits. Daily limits are based on a rolling 24-hour period. Limits are subject to change from time to time. You will receive prior notice of such changes to the extent required by applicable law.

Maximum Card Balance at any time	[redacted]
Maximum Daily Debits	
ATM Withdrawals	
Purchases at the Point of Sale (including cash over the amount of purchase)	
Teller Cash Withdrawals (at Visa member banks) (Financial Institutions may have lower limits)	
Maximum Daily Credits	
Returns and Refunds	

Focus Non-Payoll Card cardholder fee schedule

All fees	Amount	Details
Add Money		
Check Reload	[redacted]	
Cash Reload – Visa Readylink		
Cash Reload - GreenDot®		
Get cash		
ATM Withdrawal (in-network)	[redacted]	
ATM Withdrawal (out-of-network)		
Teller Cash Withdrawal		
Information		
ATM Balance Inquiry (in-network)	[redacted]	
ATM Balance Inquiry (out-of-network)		
Using your card outsi		
International Transaction	[redacted]	

usbank

All fees	Amount	Details
International ATM Withdrawal	[redacted]	
International ATM Balance Inquiry		
Other		
Card Replacement		
Card Replacement Expedited Delivery		
Card Replacement Overnight Delivery		
Inactivity		

Transaction Limits

For security reasons, there are limitations on the number and amount of transactions that you may perform with your card. There may be additional limits on the amount, number or types of transactions you can make using your card and for security reasons we do not disclose these limits. Daily limits are based on a rolling 24-hour period. Limits are subject to change from time to time. You will receive prior notice of such changes to the extent required by applicable law.

Maximum Card Balance at any time	[redacted]
Maximum Daily Debits	
ATM Withdrawals	
Purchases at the Point of Sale (including cash over the amount of purchase)	
Teller Cash Withdrawals (at Visa member banks) (Financial Institutions may have lower limits)	
Maximum Daily Credits	
Returns and Refunds	

U.S. Bank Money Center fee schedule

Service charges (ticket fees) at tim

Prepayment fee	[redacted]

Safekeeping fee schedule

Account maintenance	[redacted]

Receipts (based on # of receipts held at any time during the month)

Treasury and agency	[redacted]
Municipal	
MBS/CMO	
Corporate/other	
Equities	

Disbursements

MBS/CMO	[redacted]

Investment products are:

NOT A BANK DEPOSIT	NOT FDIC INSURED	NOT GUARANTEED BY THE BANK	MAY LOSE VALUE
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY			

Securities (DVP/RVP/FREE) Clear

Federal Reserve	[redacted]
DTC eligible (municipals, corporates)	
PTC eligible (MBS/CMO)	
Physical	

Other Safekeeping Services

Pledges	[redacted]
Audit verification	
Issuance of cashier's check	
Wire fee	

Early withdrawal penalty

[redacted]

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For purposes of Rule 15Ba1-1 et seq. (the "Rule") under Section 15B of the Securities Exchange Act of 1934 (the "Act"), U.S. Bank National Association ("Bank"): (1) is not recommending and will not recommend an action to Customer; (2) is not providing and will not provide "advice" to Customer as defined in the Rule, and any information or communication from Bank in respect of Customer's account with the Money Center or the Safekeeping Departments of Bank (the "Account(s)") or in respect of any securities transaction or potential securities transaction to be executed via the Account(s) is not intended to be and should not be construed as "advice" as defined in the Rule; and (3) Bank is not acting as an advisor to Customer and does not owe Customer any fiduciary duty pursuant to Section 15B of the Act or otherwise with respect to any such Account(s), information, communication, transaction or potential transaction.

Customer should discuss any information or material provided to Customer by Bank in connection with trading, investing, or other activity in the Account(s) with any and all of Customer's internal or external advisors and experts that Customer deems appropriate before acting on any such information or material.

Although money market mutual funds seek to preserve the value of your investment, it is possible to lose money by investing in a money market mutual fund. Past performance does not guarantee future results. You may obtain a prospectus for available money market mutual funds that contains more complete information, including investment policy, fees, and expenses from your Money Center Representative. Read the prospectus carefully before you invest. For certain mutual funds, the mutual fund's investment adviser may have elected to waive or absorb all or a portion of fees during a given period. This waiver or absorption would have the effect of increasing a mutual fund's reported yields. Information about any waivers can be found in the mutual fund's prospectus.

Deposit products offered by U.S. Bank National Association. Member FDIC. ©2022 U.S. Bank. MC-32 (10/22)

U.S. Bank Exceptions/Clarifications to City of Springfield, Missouri RFP# 006-2024

U.S. Bank has thoroughly reviewed the RFP terms and conditions, documents and forms. The below table outlines the recommended revisions. U.S. Bank is willing to negotiate these to the expected satisfaction of both parties.

Section, page	Original RFP verbiage	Suggested revision
[redacted]		

22
O
Do
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23
Co
of
pa

[redacted]

If you have any questions, contact E-Verify at 1-888-464-4218.

Approved by:

Employer U.S. Bank National Association	
Name (Please Type or Print)	Title
Signature	Date
E-Verify Employer Agent TALX Corporation	
Name (Please Type or Print) David Wittlich	Title
Signature Electronically Signed	Date 03/18/2014
Department of Homeland Security – Verification Division	
Name (Please Type or Print) USCIS Verification Division	Title
Signature Electronically Signed	Date 03/18/2014

U.S. Bank Services

Terms and Conditions

Thank you for choosing U.S. Bank Services. This document provides product information, disclosures and descriptions of the Global Treasury Management, Foreign Exchange, Money Center and Safekeeping Services ("Services") available at U.S. Bank. Other documents may become part of our Agreement depending on the Services selected. Please read all documents carefully; they will govern the Services provided to you, the Customer.

Customer shall not be bound by the terms and conditions for specific Services to the extent Customer is not using such Service(s).

U.S. Bank National Association

Member FDIC

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I. INTRODUCTION

1. Definitions.

a. "Agent" means any director, officer, employee, representative, affiliate, third-party vendor or any other person or automation acting on behalf of the Customer with the actual, implied or apparent authority of Customer. Bank may rely on any grant of authority until it receives written notice of its revocation and is given a reasonable amount of time to act upon such notice.

b. "Bank" means U.S. Bank National Association and each subsidiary or affiliate of U.S. Bank that provides Services to Customer.

c. "Business Day" means any day on which a majority of Bank's offices are open to the public for substantially all banking functions. Saturdays, Sundays, federal or state holidays or any day recognized by a Federal Reserve Bank as a holiday shall not be considered a Business Day, even if Bank's offices are open.

d. "Customer" means the business entity, and any parent company, subsidiary or affiliate, for whom Bank provides a Service.

e. "Service" or "Services" means one or more global treasury management, foreign exchange, or money center and safekeeping services offered by Bank.

f. "Written," "writing" and other like terms mean, unless otherwise provided or required by context, both paper and electronic forms of communication such as emails, faxes, digital images and copies, electronic notices capable of being stored and printed, and similar electronic versions. To the extent permitted under applicable law or regulation, signatures may be made and delivered electronically, whether digitally or otherwise, which shall have the same legal validity and enforceability as manually executed signatures and are binding on the parties. The parties may rely on electronic forms of documents subject to any applicable law, regulation, or rule.

2. Other Agreements, Laws and Regulations. These terms and conditions and the Master Services Agreement (or existing Treasury Management Service Agreement or equivalent document executed by Customer) are collectively referred to herein as the "Agreement". The Services are provided to Customer subject to the following other documents, laws and regulations, which are hereby incorporated into and made part of this Agreement:

a. the setup materials, user guides, and any supplement thereto required by Bank to implement a specific Service (referred to in the Agreement as the "Implementation Documents");

b. the most current fee and availability schedule and other fee disclosures provided to Customer, including account statements;

c. the provisions of the then-current deposit account agreement and accompanying disclosures, which govern deposit accounts and other depository services;

d. the Uniform Commercial Code, as enacted in the State of Minnesota;

e. any applicable automated clearinghouse operating rules, including, without limitation, the National Automated Clearing House Association Operating Rules and Guidelines (the "NACHA Rules"), the Real-Time Payments Operating Rules, and the rules promulgated by the Electronic Check Clearing House Organization (the "ECCHO Rules") and The Clearing House; and

f. federal, state and local laws and regulations applicable to Bank or Customer, including, without limitation, Regulation CC promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Section 229.1, et seq. ("Regulation CC"), all Operating Circulars promulgated by the Board of Governors of the Federal Reserve System, and the regulations overseen by the Office of Foreign Assets Control ("OFAC").

3. Change of Terms. Bank may change the terms of this Agreement at any time upon reasonable written notice to Customer or by any other method permitted by law. Customer's continued use of the Services after the effective date of any change to the terms shall be deemed Customer's consent to the revised terms. Any other variations to this Agreement must be in writing and executed by Bank. In the event performance of the Services in accordance with the terms of this Agreement would result in violation of any present or future statute, regulation, government policy, or relevant clearing or central bank agreements or settlement systems to which Bank is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, policy, agreement or systems, and Bank shall incur no liability to Customer as a result of such violation or amendment. No course of dealing between Bank and Customer will constitute a modification of this Agreement or constitute an agreement between the Bank and Customer regardless of whatever practices and procedures Bank and Customer may use.

4. No Third-Party Beneficiaries/Third-Party Claims. Services provided by Bank are for the sole and exclusive benefit of Customer, and no other persons or organizations shall have any of the rights and remedies arising under this Agreement. Customer agrees to indemnify, defend and hold Bank harmless from and against any and all claims, demands, expenses, losses, liabilities and damages of third parties of any nature whatsoever, including, without limitation, reasonable attorney fees and court costs at trial or appeal arising directly or indirectly from any Service delivered to Customer pursuant to this Agreement.

5. Images. Bank may create a microfilm, optical disk, or other electronic image of the Agreement or Implementation Document. Bank may store the electronic image of such Agreement and/or Implementation Document in its electronic form and then destroy the paper original as part of Bank's normal business practices, with the electronic image deemed to be an original.

6. Foreign Account Tax Compliance Act. If a payment made by either party under this Agreement is or could become subject to the U.S. Federal withholding tax imposed by Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), then (i) each party shall provide to the other party such information, and shall disclose to the applicable governmental authorities such information, as may be required in order for such party to comply with all applicable requirements of FATCA and to determine that the other party has complied with FATCA, and (ii) a party that fails to comply with FATCA shall indemnify the other party for all costs, damages, and liabilities arising out of such party's failure to comply with FATCA. Customer is responsible for providing Bank with all necessary documentation to establish that payments to Customer are exempt from FATCA withholding.

7. Disclaimer of Warranties. BANK MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN LAW OR IN FACT, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND OF MERCHANTABILITY, EITHER TO CUSTOMER OR TO ANY OTHER PARTY, WITH RESPECT TO THE SERVICES PROVIDED BY BANK OR ITS AGENTS OR WITH RESPECT TO SOFTWARE PRODUCTS PROVIDED OR MADE AVAILABLE TO THE CUSTOMER FOR ITS USE BY BANK IN CONNECTION WITH THIS AGREEMENT AND ANY SERVICE.

II. TERMS APPLICABLE TO ALL GLOBAL TREASURY MANAGEMENT, FOREIGN EXCHANGE AND MONEY CENTER AND SAFEKEEPING SERVICES

1. Services. Bank may provide Services that are not specifically included in the Services section of this Agreement. By accepting and using any Service, Customer agrees that the Service will be governed by this Agreement and any other conditions communicated to Customer by Bank. Certain Services included in this Agreement may not be available or may not be provided in certain market areas.

2. Proprietary Information. Customer acknowledges that this Agreement, all related documentation and computer programs and systems used in providing Services, and all information related thereto constitute proprietary property of Bank that is of great commercial value. Customer agrees that it shall not acquire any proprietary interest or rights therein as a result of its use of the Services and shall keep all such proprietary information strictly confidential.

3. Representations and Warranties. Customer and Bank each represent and warrant to the other, as of the date this Agreement is entered into and at the time any Service is used or performed, that: (a) it is validly existing and in good standing under the laws of the jurisdiction of its organization; (b) it has all requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement and each Service used or performed by it; (c) this Agreement has been duly authorized and executed by it and constitutes its legal, valid and binding obligation; (d) any consent or authorization of any governmental authority or third party required to be obtained by it in connection with this Agreement or any Service used or performed by it has been obtained; and (e) the Services received are for business use only and are not primarily for personal, family or household use. In addition, Customer represents and warrants to Bank that this Agreement will not violate: (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Customer; or (ii) the provisions of any agreement to which Customer is a party or is subject, or by which it, or its assets, is bound, or conflict with or constitute a default thereunder.

4. Financial Review. Bank's willingness to provide Services to Customer is dependent on the Customer's financial condition. Customer's financial condition is subject to review by Bank from time to time, and such reviews must be satisfactory to Bank in its sole discretion and opinion. Customer shall, upon request, provide to Bank any such information as Bank may require to perform any such review. Customer's failure to meet such standards or provide such information or assistance when requested shall constitute a breach of this Agreement and shall permit Bank to cease providing Services upon written notice to Customer.

5. Fees. Unless otherwise agreed to by Bank in writing, Customer shall pay Bank the fees, charges and assessments set forth for the Services provided in the most current fee schedules and other fee disclosures provided to Customer (including account statements), plus additional fees and expenses for extraordinary Services. The price schedule for each Service shall be deemed accepted by Customer upon provision of the Service to Customer. In addition, Customer shall pay Bank the amount of any taxes levied or leased on fees charged pursuant to this Agreement, including, without limitation, federal, state, or local privilege excise or sales taxes based on gross revenue, any taxes or amount in lieu thereof paid or payable by Bank, excluding Bank's income taxes and any assessments charged to Bank directly as a result of providing the Services. Bank may change the amount or type of service charges from time to time. Fees for Services used by Customer may be charged in full to Customer's account(s) or may be offset through account analysis by applying earnings credit to Customer's service charges to determine a single monthly net service charge. The applicable earnings credit rate is established by the Bank and will change from time to time without advance notice to Customer. Customer's net service charge could be zero if such earnings credit exceeds total charges in a given month, however excess earnings credits are not refundable as a payment and unused earnings credits shall be forfeited according to a schedule established by Bank or agreed to by the parties. If Customer's earnings credit is insufficient to offset the amount due hereunder, Customer agrees to pay such amount to Bank upon demand. If the earnings credit rate for Customer's account(s), or the index or other referenced rate upon which the earnings credit rate is based, is at any time less than zero percent, Customer agrees to pay all amounts of the negative earnings credit or fees imposed by Bank as compensation for the negative earnings credit rate. Customer authorizes Bank to debit Customer's account(s) with Bank for any and all fees, expenses or other charges owed by Customer to Bank under this Agreement.

6. Deposit Accounts. Most Services require that Customer maintain one or more deposit accounts with Bank. All checks, wire transfers, ACH payments and other items deposited into such accounts are provisionally credited and taken subject to later verification by Bank and Bank's receipt of final settlement. Deposited items that are deposited and later returned unpaid will be charged against the account without prior notice. Customer agrees to pay Bank for any overdraft or overpayment in any of Customer's accounts. If the interest rate for any of Customer's deposit accounts, or the index or other referenced rate upon which the interest rate for such accounts is based, is at any time less than zero percent, Customer agrees to pay Bank all amounts of the negative interest or fees that Bank imposes as compensation for the less-than-zero interest rate. Customer authorizes Bank to charge any account Customer maintains with Bank for any amount remaining due under this Section.

7. Security Interest. Customer grants to Bank a consensual possessory security interest in Customer's deposit accounts maintained with Bank and the funds held therein to secure payment of all of Customer's obligations under this Agreement.

8. Accuracy and Timeliness of Information. Bank will use reasonable efforts to provide the information requested through the Services in a prompt fashion but shall not be liable for temporary failure to provide timely information. In such event, Customer shall be responsible for carrying out banking business through alternative delivery channels. Bank shall not be liable for any inaccurate or incomplete information with respect to transactions which have not been completely processed or posted to Bank's systems prior to being made available pursuant to the Services.

9. Authorized Signers and Users. Customer shall appoint certain Authorized Signer(s) in the Master Services Agreement or in such other format or document as may be agreed by Bank. Customer agrees that Authorized Signers shall be authorized to act on behalf of Customer in all actions taken under this Agreement and may enter into all transactions contemplated in this Agreement, including, without limitation, selecting Services for the benefit of Customer, appointing initial system administrator(s), and signing additional documentation that may be necessary to implement Services and giving instructions with regard to any Service, including, without limitation, wire transfers, ACH transfers and other electronic or paper transfers from or to any account Customer maintains with Bank. The Authorized Signer(s) or Customer's designated system administrator(s) shall appoint Agents to access or use the Services provided for the benefit of Customer ("Authorized Users"). Authorized Users may act on behalf of Customer for a particular Service in accordance with the relevant Implementation Documents or other document(s) establishing the Authorized Users' responsibilities or in accordance with the authority granted by Customer. Customer may revoke the authority of or change the Authorized Signers at any time upon prior written notice and execution of additional documentation required by Bank. Such change or revocation shall not be binding upon Bank until it has received the required written notice and has had a reasonable opportunity to act thereon. In any event, Bank may act on instructions that it believes in good faith were provided by an Authorized Signer or Authorized User, or anyone purporting to be an Authorized Signer or Authorized User.

10. Forms Approval and Service Implementation. Bank reserves the right to approve the form of Customer's checks, drafts, deposit slips and similar documentation. Prior to initiating a new account or Service, or at any other necessary time, Customer agrees to provide all information and conduct any test that Bank may reasonably request, including, without limitation, completing Implementation Documents and signature cards, providing corporate resolutions and other documents, and assessing test tapes and transmissions. Customer acknowledges that Services will not commence or continue until such time as an approved item or test is provided to Bank and determined by Bank to be satisfactory. Customer shall be responsible for initial product installation, whether or not Bank provides telephone or on-site installation support.

11. Security Procedures.

a. Introduction. Customer agrees that Bank may select, in its sole discretion, security procedures that must be used in connection with certain Service(s). Customer acknowledges and agrees that it has been informed of and understands Bank's security procedures, and that such security procedures are commercially reasonable. Customer agrees that its use of Bank's security procedures constitutes its agreement to such security procedures, regardless of whether Bank has communicated such security procedures to Customer. Customer represents and warrants that it will comply with Bank's security procedures. Customer agrees to be bound by any payment order, transaction or service change order that is acted upon by Bank in accordance with such security procedures. Customer understands that the security procedures are not intended for the purpose of detecting errors in the transmission or content of information controlled by Customer. If Customer selects certain security procedures to use in connection with a Service and those security procedures provide less protection against unauthorized transactions or activity than other security procedures offered by Bank in connection with such Service, the security procedures selected by Customer shall be deemed commercially reasonable to the same extent as the security procedures offered by Bank that provide greater protection. Customer acknowledges that, in order to meet the constantly evolving threat of account fraud, the Bank's security procedures also need to evolve over time. Bank reserves the right, and Customer agrees that Bank shall have the right, in its sole discretion, to issue new security procedures and/or to cancel or change any security procedures by giving verbal or written notice to Customer. The new or changed security procedures shall become effective upon notification unless Bank provides an effective date to Customer. Customer agrees that its use of such new or changed security procedures constitutes its agreement: (i) to use the new or changed security procedures, regardless of whether Bank has communicated the new or changed security procedures to Customer, and (ii) that such new or changed security procedures are commercially reasonable. Bank also reserves the right to periodically audit Customer's security procedures and information technology processes, and to mandate controls or suspend Services until Customer complies with such security procedures.

b. Access. Customer shall be solely responsible for designating authorized access to Services. Access to Services may be controlled through the use of user IDs, personal identification numbers, passwords, digital certificates/signatures, biometric authentication, private keys or other security devices ("Codes"). Customer is solely responsible for maintaining its own internal security and agrees to use the utmost care in selecting any company, individual or automation given access to one or more of the Services. Codes that are assigned to individual Authorized Users shall not be shared with any other person, including other Authorized Users and Customer shall not disclose any information regarding the Services that an unauthorized user would find helpful to obtain access to all or part of any Service. Customer assumes all risk of accidental disclosure or inadvertent use of any Codes, whether such disclosure or use arises out of Customer's negligent or deliberate acts or otherwise. If Customer or its Agents has reason to believe that any security procedures or Codes have or may become known by unauthorized persons (whether or not employed by Customer) or if Customer believes its network or computer systems have been compromised or its computers infected, Customer shall immediately notify Bank by telephone and confirm such verbal notification in writing to Bank within 24 hours. Bank will replace the security procedures and/or Codes in accordance with Bank's procedures. Customer shall be solely responsible for funds transfer instructions and other communications or transactions initiated before Bank received Customer's notice and had a reasonable time to act on such notice. Customer agrees to defend, indemnify and hold Bank harmless from and against any claims, losses, damages, costs, expenses, fines and other liabilities arising out of Customer's failure to maintain the security and confidentiality of the Codes or arising out of the unlawful use of any website or portal by Customer or any person or automation that obtains access to a website or portal using the Codes.

c. Confidentiality. Customer and Bank represent, warrant and mutually agree that all confidential information concerning the other party or parties that comes into its possession in connection with any of the Services will be maintained in strictest confidence and shall not be used or divulged to any other party except as may be necessary or advisable for the due performance of any of the Services, as required by applicable law, or as otherwise agreed or consented to by the parties. Bank shall maintain physical, electronic, and procedural safeguards to keep Customer's confidential information secure. Customer's obligation to maintain the confidentiality of all security procedures shall survive the termination of any Service or this Agreement. Customer acknowledges that certain Services may involve the handling of confidential consumer information that may be subject to privacy laws and regulations, including unauthorized access or breach notification regulations. Customer agrees to notify Bank immediately if Customer sends or receives protected health information that requires the execution of a business associate agreement.

d. Verbal or Written Instructions. For some Services, Bank may choose to honor Customer's request to give Bank verbal or written instructions regarding the Services. Customer agrees that Bank may in good faith rely on such verbal or written instructions that purport to come from an authorized Agent of the Customer without independent verification by Bank.

e. Fraud prevention measures. Bank offers certain products, Services and security procedures, such as Positive Pay, account blocks or filters, and multi-factor authentication, that are designed to detect or deter fraud. Failure to use such products, Services or security procedures could substantially increase the likelihood of fraud. If Customer fails to implement any of these products, Services or security procedures, or if Customer fails to follow these or other precautions reasonable for its particular circumstances, Customer agrees that, except with respect to liability, loss or damage caused by Bank's own lack of good faith or failure to exercise ordinary care: (i) it will be precluded from asserting any claims against Bank for paying any unauthorized, altered, counterfeit or other fraudulent item that such product, Service, security procedure or precaution was designed to detect or deter; (ii) Bank will not be required to re-credit Customer's account or otherwise have any liability for paying such items; and (iii) Customer will pay all costs and expenses incurred by Bank for all efforts undertaken by Bank to recover any losses incurred by Customer.

f. Waiver of Security Procedures. Customer, after having been offered Bank's security procedures, may request that payment orders, transactions, or services orders be authenticated using a different security procedure. Bank, in its sole discretion, may elect to permit Customer to use such a security procedure. In such circumstances, Customer agrees that it shall be bound by any payment order, transaction, or service order authenticated by its selected security procedure whether or not such payment order, transaction, or service order is properly authorized.

12. Unsecured Electronic Transmissions and Instructions. Bank shall transmit to Customer information related to Services via secure electronic transmissions. If Customer elects to send or receive instructions or reports from Bank via unsecured electronic means, including, without limitation, facsimile transmission, voice mail, unsecured email, pager or other unsecured electronic or telephonic methods ("Electronic Transmission"), Customer acknowledges that such Electronic Transmissions are inherently insecure communication methods due to the possibility of error, delay and observation or receipt by unauthorized personnel. Bank may rely in good faith on Customer's instructions regarding how and to what number or email address Electronic Transmissions should be sent and may rely on any Electronic Transmission that it reasonably believes to have been initiated by the Customer. Should Customer elect to send or receive unsecured Electronic Transmissions to or from Bank, Customer assumes all risks, and Bank shall not be liable for any loss, that results from the nonreceipt, disclosure, alteration or unauthorized access of any such unsecured Electronic Transmission.

13. Account Blocks and Filters. ACH debit blocks and check blocks prevent ACH debits and checks from posting to Customer's account. ACH filters and check filters enable Customer to set various criteria to authorize certain transactions to post to Customer's account while excluding others. If an ACH debit or check filter is established by Customer, any ACH debit entry or check presented that does not specifically meet the criteria will be dishonored or sent back to the originator of the transaction. Customer acknowledges that the effectiveness of the filters is dependent on the accuracy and timeliness of the information provided by Customer. In addition, Customer acknowledges that payments to Bank and certain

Bank-approved vendors cannot be blocked and that certain ACH transactions such as returns, settlements or adjustments cannot be blocked per NACHA Rules. If Customer desires to modify a block or filter setting, Customer shall notify Bank at least 72 hours in advance of the changes taking effect.

14. Computer Equipment and Software. Many Services require the use of computer hardware and software or other equipment. Customer is responsible for maintaining its computer and equipment (including those provided by or through Bank for use with Services) in good working order. Customer shall ensure that computers and other equipment have the necessary compatibility and format to interface with Bank's systems, including, without limitation, the ability to support the Bank's security procedures. Customer agrees to install upgrades and other system enhancements within a reasonable time after being requested to do so by Bank. License agreements for necessary software shall either be embedded in the software or separately documented. Customer agrees to comply with all applicable software license agreements, whether or not such agreements have been executed by Customer. Customer has no rights or ownership in any software provided by or through Bank and shall not transfer, copy, alter, modify, reverse engineer, reproduce, or convey in any manner, in whole or in part, any such software. Customer shall return all software and user manuals associated with any software upon request. Bank makes no representations or warranties with respect to any equipment or software provided by Bank.

15. Transactions on Non-Business Days/Cutoff Times. Transactions, deposits, payment orders, entries or other requests by Customer received by Bank on a non-Business Day, after established cutoff deadlines, or during a maintenance window may be treated by Bank as received on the next Business Day or may not be processed at all. Bank may change any cutoff time or other deadline at any time. Bank will make a reasonable effort to notify Customer of any changes in advance.

16. Customer-Initiated Transactions and Instructions. Bank will honor Customer's transactions and instructions (including adjustments, amendments and cancellations) only when Customer has complied with this Agreement and related policies and procedures. Bank will be under no obligation to honor, either in whole or in part, and may, in its sole discretion, delay, suspend or reject any transaction or instruction that:

a. exceeds Customer's collected or available funds on deposit with Bank;

b. Bank has reason to believe may not be authorized by Customer;

c. involves funds subject to a hold, dispute or legal process preventing their withdrawal;

d. violates any provision of any applicable regulation of the Federal Reserve Bank or any other federal, state or local regulatory authority;

e. requires Customer, at Bank's sole discretion, to complete an additional security procedure due to characteristics of such transaction or instruction before processing;

f. requires Bank to complete regulatory or legal clearance requirements, such as OFAC screening; or

g. Bank has reasonable cause not to honor, for the protection of either Bank or Customer.

17. Inconsistent Name and Account Number. If Customer or third party acting on Customer's instruction initiates a fund transfer instruction or payment order ("Payment Order") to Bank that describes the person to receive the proceeds of such Payment Order (the "Beneficiary"), the Beneficiary's bank, or an intermediary bank by name and an account or other identifying number, Bank and subsequent parties to the Payment Order, including the Beneficiary's bank, may rely on and act solely on the basis of such number, even though the name and number do not agree and even though Bank and subsequent parties know or have reason to know of the inconsistency. Customer's obligation to pay the amount of the Payment Order to Bank is not excused in such circumstances. With respect to incoming Payment Orders that do not include an account number recognizable to Bank, Bank may return the Payment Order to the sending financial institution without incurring any liability to Customer.

18. Intercompany Services/Authority to Transfer or Commingle Funds. In the event that Customer lists entities in an appendix to the Master Services Agreement or in any other document, or otherwise requests Bank to provide Services to a parent company, subsidiary, affiliate, or other commonly owned company, Customer agrees that it shall be jointly and severally liable for such company's obligations under this Agreement. Customer hereby represents and warrants to Bank that any and all transfers and commingling of funds required or permitted by any Service or requested by Customer, and all other aspects of the performance hereby by Bank and Customer, have been duly authorized by all necessary parties, including, without limitation, the account holder of each account, and that Customer has obtained and shall maintain in its regular business records and make available to Bank upon reasonable demand, for a period of seven (7) years after termination of the Service, adequate documentary evidence of such authorization from the account holder of each account, executed by the duly authorized officer(s) of each such account holder in accordance with that account holder's bylaws and/or board resolutions. Customer further represents and warrants that each transfer or commingling of funds authorized hereunder is not in violation of any agreement, bylaw or board resolution of Customer or any of its affiliates or subsidiaries, nor is it in violation of any applicable federal, state, local law, regulation, of any decree, judgment, order of any judicial or administrative authority. Each representation and warranty contained herein shall be continuing and shall be deemed to be repeated upon Bank's effecting each transfer and commingling of funds authorized hereunder.

19. Customer Records. This Agreement and the performance of Services by Bank shall not relieve Customer of any obligation imposed by law, clearinghouse rules (including the NACHA Rules and ECCHO Rules), or by contract regarding the maintenance of records, or from employing adequate audit, accounting and review practices as are customarily followed by similar businesses. In addition, Customer shall retain and provide to Bank, upon request, all information necessary to remake or reconstruct any deposit, transmission, file or entry for thirty (30) days following receipt by Bank of the deposit, file, entry, transmission or other order affecting an account.

20. Account Communications and Review Period. Customer agrees to regularly and promptly review and verify all statements, reports, check payment records, wire transfer instructions, confirmations, adjustments, charges, and other transactions ("Account Communications"). Customer may receive or access Account Communications electronically, including without limitation, delivery by posting to a password-protected website or database. Customer acknowledges that any Account Communication provided by Bank through electronic delivery is deemed to constitute good and effective delivery when posted by Bank, regardless of whether Customer actually or timely receives or accesses such Account Communication. Unless a different review period is specified elsewhere in this Agreement, Customer shall, within a reasonable time, which in no event shall be greater than thirty (30) calendar days following the day Bank first mails, electronically transmits or otherwise makes data available to Customer ("Review Period"), notify Bank of any error or discrepancy between Customer's records and any Bank notice or statement, or any transaction or transfer Customer believes was not authorized. If Customer fails to notify Bank of such unauthorized transaction within the Review Period, Customer agrees that the failure to report any such errors or unauthorized transactions shall relieve Bank of any liability for the unreported erroneous or unauthorized transaction. In accordance with NACHA Rules, Customer must report an unauthorized ACH debit entry to the Customer's account by the established deadline on the Business Day following the settlement date of the unauthorized entry. Otherwise, Customer's sole recourse is to the originator of the transaction.

21. Monitoring and Recording Communications. Customer acknowledges and agrees that Bank, or anyone acting on Bank's behalf, may monitor and/or record any communication between Customer, or its Agent, and Bank, or anyone acting on Bank's behalf, for quality control, security and other purposes. Customer also acknowledges and agrees that this monitoring or recording may be done without any further notice to Customer or its Agent. The communication that may be monitored or recorded includes telephone calls, cellular or mobile phone calls, electronic mail messages, text messages, instant or live chat, or any other communications in any form.

22. Limitation of Bank's Liability for Services. Customer acknowledges that Bank's fees for Services are very small in relation to the amounts of transfers initiated through these Services and consequently Bank's willingness to provide such Services is based on the liability limitations contained in this Agreement. In addition to greater limitations on Bank's liability that may be provided elsewhere in this Agreement, Bank's liability related to any Service shall be limited exclusively to actual proven damages arising directly from its own gross negligence or willful misconduct. Bank will not, under any circumstances, be liable for any special, incidental, indirect, consequential, punitive or similar losses or damages, whether or not the likelihood of such losses or damages was known by either party at the time Customer first obtains Services from Bank or at the time any instruction or order is given to Bank pursuant to any Service, and whether such losses or damages arise from tort, contract, loss of investment opportunity, lost or reduced profits, or otherwise. Bank's maximum liability for any loss of interest shall be calculated using a rate equal to the average Federal Funds rate at the Federal Reserve Bank of New York for the period involved. Notwithstanding the foregoing, Bank shall not be liable for any losses or damages caused, in whole or in part, by the action or inaction of Customer, or any Agent or employee of Customer, whether or not such action or inaction constitutes negligence or a breach of this Agreement. Bank shall not be liable for any damage, cost, loss, liability or delay caused by a force majeure event, including but not limited to, accident, strike, labor dispute, fire, flood, war, riot, terrorist act, government restrictions, exchange or market rulings, market volatility, suspension of trading, equipment breakdown, electrical, telephone, Internet or mechanical failures, acts of nature, epidemic, any cause which is attributable to a third party, or any other cause or event that was beyond Bank's reasonable control whether or not reasonably foreseeable. Customer agrees that the fees charged for the performance of the Services shall be deemed to have been established in contemplation of these liability limitations.

23. Dispute Resolution.

a. Governing Law. Except as otherwise provided herein, this Agreement shall be governed by the laws of the State of Minnesota, without regard to conflicts of law principles.

b. Jury Trial Waiver. To the fullest extent permitted by law, Bank and Customer hereby agree to waive trial by jury in any judicial proceeding involving, directly or indirectly, any matter (whether in tort, contract or otherwise) in any way arising out of, related to or connected with these Services or this Agreement. Bank and Customer represent and warrant to each other that this jury trial waiver is knowingly, willingly and voluntarily given.

c. Jurisdiction and Venue. Customer consents to the jurisdiction of the courts of the State of Minnesota, waives any argument that such venue is inconvenient and agrees to bring litigation commenced in connection with this Agreement in either the District Court of Hennepin County or the United States District Court, District of Minnesota, Fourth Division.

d. Collection Costs. Should Bank have to undertake any action to recover any amount due under this Agreement for the Services, including, without limitation, fees, overdrafts or overpayment, Customer will be liable to Bank for the cost of such effort, plus reasonable attorney fees.

e. Adverse Claims. If Bank receives an adverse claim against any account, and Bank reasonably believes that it will not be protected if the claim is ignored, Customer agrees that Bank may place a hold on the affected account. Any such hold will remain in place only so long as reasonably necessary to resolve the claim or employ legal remedies to allow a court to decide such claim. Assuming compliance with this Section, Bank shall have no liability for dishonored transactions due to the hold, and Customer agrees to reimburse Bank all costs, including reasonable attorney fees, incurred due to such adverse claim.

24. Necessary Third-Party Service Providers.

a. Third-Party Networks. Some Services are provided by Bank through access to a third-party network. Such Services are dependent upon the availability of the third-party network on conditions acceptable to Bank. Bank reserves the right to discontinue the Service or provide the Service through an alternative third-party network and shall have no liability should such network become unavailable. Bank does not warrant and shall not be responsible for Services received by Customer from any third-party network.

b. Third-Party Vendors. Customer agrees that Bank may, at its sole discretion and at any time without notice to Customer, engage third-party vendors to provide a Service, or portions thereof, to Customer, or to support Bank in its provision of a Service to Customer. Customer acknowledges that Bank's third-party vendors may perform certain functions offshore. Some Services and/or computer equipment and software are provided to Customer by a third-party vendor selected by Customer who is unaffiliated with Bank. In those cases, the third-party vendor is acting as Customer's Agent rather than an agent of Bank, and Customer agrees to be bound by such third party's acts or omissions. Bank does not warrant and shall not be responsible for Services provided by unaffiliated third-party vendors. Customer authorizes Bank to disclose to any third-party vendor of Customer or Bank information concerning Customer to the extent required to deliver the requested Service.

25. Notices. All written notices to Bank shall be delivered or mailed to the address designated by Bank. Notices, including but not limited to, Account Communications sent to Customer shall be delivered or mailed to Customer's current lead account address or other known address if deemed more appropriate by Bank under the circumstances. Notices may be delivered to some Customers in electronic format, including posting to Bank's website, delivery via facsimile to a number on file, or delivery to an electronic mail address on file or used by an Authorized Signer or Authorized User.

26. Severability. To the extent possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be held to be invalid, illegal or unenforceable, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without rendering invalid, illegal or unenforceable the remainder of any such provision or the remaining provisions of this Agreement.

27. Waiver. A waiver by Bank or Customer of any term or provision shall not be construed as a waiver of such term or provision at any other time, or of any other term or provision. Bank's waiver of the enforcement of any of the terms of this Agreement with respect to any transaction or series of transactions will 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.

28. Assignment. In addition to Section 24 above, Bank may at any time assign or delegate its rights and duties under this Agreement. Customer may not assign or transfer its rights or obligations hereunder to any other person or entity without Bank's written consent, which consent shall not be unreasonably withheld.

29. Termination. Any Services may be terminated by either party upon 30 days' prior written notice to the other. Bank may also terminate or suspend any Services immediately without notice to Customer if any of the following occurs: (a) Customer becomes insolvent or files, or has filed against it, any bankruptcy or other insolvency, reorganization, liquidation or dissolution proceeding of any kind; (b) a material adverse change occurs in Customer's business or financial condition; (c) Bank has reason to believe that Customer has engaged in fraudulent or illegal activity; (d) Customer fails to maintain balances in accounts sufficient to cover overdrafts; (e) Customer violates, or is in default under, the terms of this Agreement or any other agreement with Bank; (f) Customer fails to comply with security procedures or fails to provide information reasonably requested by Bank; (g) Bank determines it is impractical or illegal to provide any Services because of changes in laws, regulations or rules; (h) Bank, in good faith, is unable to satisfy itself that any Services have been properly authorized by Customer; or (i) Bank, in good faith, deems itself insecure. Notwithstanding any termination, the terms of this Agreement shall apply to all transactions which have been initiated prior to termination.

III. TERMS APPLICABLE TO ALL INTERNET-BASED SERVICES

1. Introduction. Bank offers a number of Services over the Internet. If requested by Customer and agreed to by Bank, Bank will grant Customer access to one or more of Bank's Internet Services in the manner established by Bank. Customer agrees that its use of Services from time to time offered by Bank via the Internet (collectively, the "Internet Services") shall be governed by:

(i) this Section and all other relevant sections of this Agreement, including, without limitation, sections governing the specific Services that are offered online;

(ii) the other agreements, laws and regulations described in Section I.2 of this Agreement; and

(iii) the applicable Terms of Use, as defined in Section III.2 below.

2. Terms of Use. Bank may post terms or rules of use ("Terms of Use") governing Customer's use of the Internet Services on Bank's website(s) for accessing such Services. Such Terms of Use shall supplement and amend the terms set forth in this Section. In the event of a conflict between the Terms of Use and the rules set forth in this Agreement, the Terms of Use shall govern. Customer's initial use of an Internet Service shall constitute an acceptance of the Terms of Use posted on the website. Bank may change the Terms of Use for any Internet Service at any time by posting notice of such change via an alert or message on a broadcast or message page of the website ("Broadcast Message"). All changes shall have an effective date. Customer's use of the Internet Service after the effective date of any such change shall constitute an acceptance of the revised Terms of Use by Customer. Customer is responsible for establishing an internal procedure for reviewing the Broadcast Message page on a regular basis to obtain timely notice of changes to the Terms of Use. In the event that a specific Internet Service does not have Broadcast Message capability, Customer will be notified of any changes in accordance with Section II.25 hereof. Neither Bank nor Customer will contest the validity, enforceability, or admissibility of hard copy printouts of the Terms of Use for any website or notices of changes to such Terms of Use provided in accordance with this Section. Copies of such Terms of Use or notices, if introduced as evidence in tangible form in any judicial or administrative proceeding, will be admissible to the same extent and under the same conditions as other business records originated and maintained in documentary form.

3. Security Procedures. Customer agrees to use the Internet Services in accordance with the security procedures established by Bank. Bank reserves the right to reject any transaction or Service request that is not made in accordance with such procedures. Customer shall at all times use a Web browser that supports the level of encryption used by Bank as part of its security procedures. Due to emerging technologies and ensuing changes in security practices, Bank reserves the right to supplement or change its security procedures from time to time upon reasonable notice to Customer. Customer acknowledges and agrees that, notwithstanding anything to the contrary set forth in the Agreement, in matters of security, reasonable notice may be less than a day's notice or even, in some cases, notice after the fact. Customer is solely responsible for maintaining a secure work environment to ensure against the use of Internet Services by unauthorized individuals or unauthorized automated access. Security procedures to be followed by Customer include, without limitation, informing Authorized Users that any passwords should not be shared, securing physical access to the terminals used for Internet Services when an Authorized User has logged in to an application or system and, if applicable, identifying secure methods for controlling authorized automated access to an application or system.

4. System Administrator. Customer shall designate one or more System Administrator(s). The System Administrator shall be responsible for setting up Internet Services and for establishing internal security procedures related to such Internet Services, which may be made available through applications or systems offered by Bank, including, without limitation, accepting delivery of software, system-wide configuration of Bank accounts, appointing Authorized Users, establishing authority levels, authorization requirements and payment limits, and distributing and resetting IDs, passwords and other internal security devices related to the Internet Services. Customer represents and warrants to Bank that any actions taken by the System Administrator in relation to the Internet Services including, without limitation, the appointment of Authorized Users and the access, automation and privileges granted to such Authorized Users, are duly authorized by Customer.

5. Other Customer Responsibilities.

a. Equipment and Software. Customer is responsible for obtaining (from Bank, in some instances), installing and maintaining the computer and communications equipment (including, without limitation, personal computers and modems), software, Web browsers, Internet access and communications services necessary to access and use the Internet Services in accordance with this Agreement.

b. Use of Internet Services. Customer shall use its access to Internet Services and websites operated by or on behalf of Bank only to conduct its business through or with Bank and agrees to limit access to those Agents who require access to Internet Services.

c. Antivirus Protection. Customer agrees to run antivirus software before transmitting data to or through any website. Customer may use any commercially available, industry recognized antivirus software of the type that detects and disinfects viruses automatically, without the need for the Customer to execute virus scanning for each file manually. Customer shall update its antivirus software on a regular basis and in no event less often than once every week.

d. Anti-malware Protection. Bank may offer complimentary anti-malware software for use with certain Services that is designed to detect, deter or destroy different types of malware. Failure to install anti-malware software offered by Bank could substantially increase the likelihood of fraud and other losses. If Customer fails to install software offered by Bank, Customer agrees that, except with respect to losses caused by Bank's own lack of good faith or failure to exercise ordinary care, it will be precluded from asserting claims against Bank for any losses caused by malware which such software would have detected, deterred or destroyed. Bank will not be required to re-credit Customer's account or otherwise have any liability for such losses.

e. Network Security. Customer agrees to install and utilize current industry-standard network security for its information technology systems that access Services via the Internet. Network security protection includes, but is not limited to, firewalls and intrusion detection systems. For certain Services, Bank may require Customer maintain specific network security protection in order to access the Services.

6. Disclaimer of Warranties. BANK PROVIDES ALL INTERNET SERVICES ON AN "AS IS," "AS AVAILABLE" BASIS AND MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO THE INTERNET SERVICES OR THE CONTENT OR SECURITY OF ANY WEBSITE. BANK DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE FOREGOING, BANK DOES NOT WARRANT THAT THE OPERATION OF ANY WEBSITE WILL BE UNINTERRUPTED OR ERROR-FREE. CUSTOMER IS RESPONSIBLE FOR TAKING APPROPRIATE PRECAUTIONS AGAINST DAMAGE TO ITS OPERATIONS WHICH COULD BE CAUSED BY INTERRUPTIONS OR MALFUNCTIONS OF ANY WEBSITE AND ASSUMES THE RISK OF SUCH OCCURRENCES.

IV. TERMS APPLICABLE TO SPECIFIC GLOBAL TREASURY MANAGEMENT SERVICES

The following are additional terms and conditions applicable to specific Treasury Management Services offered by Bank. Bank may change the number or type of Services offered at any time. Customer shall not be bound by the terms and conditions for the specific Services described in Sections IV, V and VI of this Agreement to the extent Customer is not using such Service(s).

A-1. EBILL SERVICE

eBill allows Customer's customers ("Payers") to make convenient payments to Customer through multiple channels, including, but not limited to, the Internet, an Interactive Voice Response (IVR) system, text message, chatbots or other forms of social media, or virtual assistants. In addition, Customer may distribute electronic invoices, bills or statements to Payers who can pay such invoices, bills or statements via multiple payment channels accessible through the eBill Service.

1. Internet.

a. "Customer Payment Site" means the interactive Internet payment site hosted by U.S. Bank National Association or its third-party vendor (collectively "Bank") where Payers may make payments to Customer over the Internet. Bank will configure, implement, host and support the Customer Payment Site. If Customer provides the content for the Customer Payment Site, Customer agrees to indemnify and hold Bank harmless for any content that violates applicable law or payment network rules. Upon request Bank will provide draft terms and conditions for Customer to provide to its customers on Customer Payment Site. Such terms and conditions are provided as is, without any representations or warranties. Customer shall be solely responsible for determining the suitability of such terms and conditions for Customer's use, as well as the final form and content of any terms and conditions it elects to post (if any).

b. Customer License. Bank shall have the right and license to use or sublicense Customer's name, trademarks, service marks, copyrights and logos and other textual information in connection with the Customer Payment Site solely for the purposes contemplated herein.

c. "Administrative Payment Center Website" means the interactive Internet site hosted by Bank where Customer may access reports, initiate payments on behalf of Payers, or initiate refunds. Bank will configure, implement, host and support the Administrative Payment Center Website. Customer shall be solely responsible for setting up Authorized Users, access entitlements and internal controls within the Administrative Payment Center Website.

d. Links. If applicable, Customer shall provide and maintain a secure link on its website to the Customer Payment Site. Customer shall be responsible for ensuring that the link to the Customer Payment Site takes Payer to the appropriate area within the Customer Payment Site. Customer shall be responsible for providing the agreed-upon data concerning Payer in a manner that meets Bank's encryption or security methods during the exchange. Customer and Bank agree to use industry-standard security procedures and technology to ensure the security of the Customer's website and the Customer Payment Site and to prevent data theft or unauthorized access.

e. Payer Authentication. Depending on the applicable payment processing channel, Customer shall be responsible for verifying the identity of each Payer prior to the time Payer is linked to the Customer Payment Site. Customer agrees that Payers shall not be granted access to the Customer Payment Site link until Customer has verified the identity of each Payer using a commercially reasonable fraud detection system. For every Payer that accesses the Customer Payment System, Bank relies on Customer to have completed such verification.

2. Compliance with laws and regulations. Customer agrees to comply with all applicable laws, rules and regulations, including without limitation, those issued by: (i) the National Automated Clearing House Association; (ii) the Real-Time Payments (RTP) System Operating Rules; (iii) the Zelle Network Participation Rules; (iv) any governmental entity, including (without limitation) the requirements contained in the Electronic Fund Transfer Act (including without limitation Section 1005.10, Preauthorized Drafts), the Americans with Disabilities Act, the Health Insurance Portability and Accountability Act, Regulation E, the Electronic Signatures in Global and National Commerce Act, the Controlling the Assault of Non-Solicited Pornography And Marketing (CAN-SPAM) Act, and the Telephone Consumer Protection Act; and (vi) any other entity or association that issues or sponsors a payment device, including (without limitation) the requirements of the Payment Card Industry (PCI) Data Security Standard and any credit card association, including Visa and Mastercard. Customer further agrees to comply with all payment network regulations for ATM debit networks.

3. Payer Authentication / Authorization. For each payment channel, Bank shall authenticate a Payer's identity in the manner specified by Customer, and agreed to by Bank, in the Implementation Documents. Customer acknowledges and agrees that the authentication of the Payer's identity in such manner shall constitute a commercially reasonable fraud detection system and Bank shall have no liability for all payments so authenticated. Bank is not responsible for errors made by Payer or Customer and may rely on the information submitted or communicated by Payer or Customer. Customer agrees to defend, indemnify and hold Bank harmless from any claims related to Customer's or Payer's submission of inaccurate or incorrect information.

4. Payment Processing. Payments shall be processed in the manner mutually agreed to between Bank and Customer, which may include ACH debit entries, debit cards, credit cards or other payment processing methods. Customer shall at all times be considered the originator of Payer's payment. For ACH WEB debit transactions, upon Customer's request and if agreed to by Bank, Bank will validate receiving account and account status information by use of a commercially reasonable fraud detection system selected by Bank for the first use of new account information or of a change to existing account information. By requesting that Bank perform such validation, Customer consents to Bank disclosing any information necessary to perform such validation to Bank's third-party vendor. Depending on the applicable payment processing channel, payment processing may also be subject to the terms of any other agreement between Bank and Customer and between Customer and the payment transaction processor supported by Bank. Payments may be initiated through a number of channels including, but not limited to, the Customer Payment Site, IVR system text message, chatbots or other forms of social media, or virtual assistants. Bank will notify Customer of the payments that were initiated either through the Administrative Payment Center Website or by delivering a file in the manner set forth in the Implementation Documents. Customer acknowledges that all payments are subject to adjustment, return, reversal and/or chargeback in accordance with the rules governing the applicable payment processing channel. Customer agrees to be liable to Bank for any such adjustment, return, reversal or chargeback.

5. Recurring Payments. The eBill Service provides Customer with the ability to offer Payers the option of making fixed or variable recurring payments. If permitted by applicable regulations, Payers have the ability to initiate a payment that recurs on a fixed schedule selected by the Payer. Payers must be enrolled in eBill in order to initiate variable recurring payments.

6. Fees. In addition to Bank's standard fees, Customer agrees to pay additional fees and expenses for implementation of the eBill Service or other additional Services, if any, as may from time to time be disclosed to Customer by Bank. Customer also agrees to pay the applicable fees and expenses charged by the payment transaction processor supported by Bank, as set forth in Customer's agreement with such processor.

7. Convenience Fee, Service Fee and Surcharge

a. If permitted by applicable regulations, the eBill Service offers flexible fee or surcharge options that allow Customer or Bank to define and collect fees or surcharge to be charged to Payers in connection with the payment transaction. Payers are provided with the opportunity to stop the payment process if they do not wish to pay the fee.

b. If Customer desires to collect fees, Customer shall be responsible for ensuring that fee and surcharge assessments comply with the relevant laws, rules and regulations.

c. If agreed to by Bank and Customer, Bank may collect and retain the fees. In such case, Customer agrees that Bank may, in its sole discretion, set, adjust, manage and collect the fees as a means to wholly or partially

offset Bank fees that may otherwise have been incurred by Customer. Bank's willingness to collect fees shall be based on Customer's projected payment volume, average ticket, type of transactions, or other considerations such as changes to interchange fees and assessments. Bank may, in its sole discretion, establish or modify payment caps for sums paid by Payers. If the actual payment volume, average ticket, payment types or other considerations fail to meet Customer's stated projections or do not completely offset Bank fees, Customer agrees that Bank may, in its sole discretion, require Customer to wholly or partially reimburse Bank for any resulting shortfall in Bank fees.

8. Transaction Controls. Customer agrees to notify Bank of any material change or anticipated material change in daily dollar activity or type of transaction processing and obtain Bank's consent to such change. Bank may, in its sole discretion, immediately upon written notice to Customer, place a maximum dollar limit on the eBill transactions or require Customer to provide reasonable security for Bank's continued handling of such transactions.

9. Payer Communications. Customer agrees to obtain all consents necessary from Payers for Bank to process the Payers' data and communicate with Payers (e.g., confirmation Short Message Service ("SMS") or email) in the course of performing the eBill Service.

10. Customer Records. This Agreement and the performance of the eBill Service by Bank shall not relieve Customer of any obligation imposed by law, clearinghouse rules, payment card industry rules, or by contract regarding the maintenance of records, or from employing adequate audit, accounting and review practices as are customarily followed by similar businesses. In addition, Customer shall retain and provide to Bank, upon request, all information necessary to remake or reconstruct any transmission, file or entry for thirty (30) days following receipt by Bank of the deposit, file, entry, transmission or other order.

11. Bill Presentment and Distribution Service. If selected by Customer and agreed to by Bank, Customer may distribute invoices, statements, confirmations, regulatory notices, or other electronic communications to Payers via the eBill Distribution Service. Customer represents and warrants that it will not use or include any reference to untruncated credit card, social security, or bank account numbers, or Personal Health Information (as defined in the Health Insurance Portability and Accountability Act of 1996) in any electronic communications exchanged through the eBill Distribution Service. Customer shall indemnify and hold Bank harmless from and against any and all claims, demands, damages, losses, liabilities, penalties and expenses (including, without limitation, reasonable attorney fees and court costs at trial or on appeal) arising directly or indirectly from Customer's breach of the representation or warranty contained in this paragraph. Customer acknowledges and agrees that all electronic communications exchanged through the eBill Distribution Service may be received, processed, managed, and archived by third parties unaffiliated with Bank. Bank makes no representation or warranty, and assumes no responsibility, with respect to any actions or inactions of any unaffiliated third party in connection with Customer's use of the eBill Distribution Service.

12. Third-Party Vendor. Customer agrees that Bank may, at its sole discretion and at any time without notice to Customer, engage a third-party vendor to provide the eBill Service, or portions thereof, to Customer, or to support Bank in its provision of the eBill Service to Customer. Customer acknowledges that Bank's third-party vendor may perform certain functions offshore. Customer authorizes Bank to disclose to any third-party vendor information concerning Customer to the extent required to deliver the eBill Service.

13. Card Updater Service. Bank, or Bank's third-party vendor, participates in card updater programs offered by card issuers which enable Bank to update card information for Payers with expired or expiring cards. If selected by Customer and agreed to by Bank, Bank will provide Customer with updated card information for Payers when such information is available. Customer must be approved by card issuers, or by Bank in accordance with card issuer guidelines, prior to use. Such information will only be available for Payers who have elected recurring payments or for which another legitimate business need exists. Bank is not responsible for the accuracy or completeness of any information provided by the card issuers.

A-2. E-PAYMENT SERVICE

Customer may select the E-Payment Service that would allow its customers ("Payers") to make convenient payments to Customer through the Internet, an Integrated Voice Response (IVR) system or a 'live' call center. In addition, Customer may distribute electronic invoices, bills or statements to Payers who can pay such invoices, bills or statements via multiple payment channels accessible through the E-Payment Service. Customer agrees that this Service shall be governed by this Section and all other relevant sections of this Agreement. E-Payment Service is no longer available for new customers.

1. Internet.

a. "Customer Payment Site" means the interactive Internet payment site hosted by Bank where Payers may make payments to Customer over the Internet. Bank will configure, implement, host and support the Customer Payment Site. If Customer provides the content for the Customer Payment Site, Customer agrees to indemnify and hold Bank harmless for any content that violates applicable law or payment network rules.

b. Customer License. Bank shall have the right and license to use or sublicense Customer's name, trademarks, service marks, copyrights and logos and other textual information in connection with the Customer Payment Site solely for the purposes contemplated herein.

c. "Administrative Website" means the interactive Internet site hosted by Bank where Customer may access reports, initiate payments on behalf of Payers, or initiate refunds. Bank will configure, implement, host and support the Administrative Website. Customer shall be solely responsible for setting up Authorized Users, access entitlements and internal controls within the Administrative Website.

d. Links. Customer shall provide and maintain a secure link on its website to the Customer Payment Site. Customer shall be responsible for ensuring that the link to the Customer Payment Site takes Payer to the appropriate area within the Customer Payment Site. Customer shall be responsible for providing the agreed-upon data concerning Payer in a manner that meets Bank's encryption or security methods during the exchange. Customer and Bank agree to use industry-standard security procedures and technology to ensure the security of the Customer's website and the Customer Payment Site and to prevent data theft or unauthorized access.

e. Payer Authentication. Depending on the applicable payment processing channel, Customer shall be responsible for verifying the identity of each Payer prior to the time Payer is linked to the Customer Payment Site. Customer agrees that Payers shall not be granted access to the Customer Payment Site link until Customer has verified the identity of each Payer using a commercially reasonable fraud detection system. For every Payer that accesses the Customer Payment System, Bank may rely on Customer to have completed such verification.

2. Compliance with laws and regulations. Customer agrees to comply with all applicable laws, rules and regulations, including without limitation, those issued by: (i) the National Automated Clearing House Association; (ii) any governmental entity, including (without limitation) the requirements contained in the Electronic Fund Transfer Act, Regulation E, and the Electronic Signatures in Global and National Commerce Act; (iii) the American with Disabilities Act; and (iv) any other entity or association that issues or sponsors a payment device, including (without limitation) the requirements of the Payment Card Industry (PCI) Data Security Standard and any credit card association, including Visa and Mastercard. Customer further agrees to comply with all payment network regulations for ATM debit networks.

3. Interactive Voice Response (IVR). To make an automated payment via a touch-tone phone, Payers may access the IVR system by calling a toll-free number provided by Bank or Customer. Customer shall have previously submitted Payer registration data ("registration data") to Bank. In order to make a payment via the IVR system, Payers are required to input information that matches their user information submitted in the registration data. Unless otherwise agreed to in writing by Bank, the IVR system will no longer be available after October 31, 2022.

4. Call Center. If this option was selected by Customer, Payers may make a payment by phone by calling a 24-hour call center and speaking to 'live' Bank personnel. Bank shall authenticate a Payer's identity in the manner specified by Customer, and agreed to by Bank, in the Implementation Documents. Customer acknowledges and agrees that the authentication of the Payer's identity in such manner shall constitute a commercially reasonable fraud detection system and Bank shall have no liability for all payments so authenticated.

5. Payer Authorization. If payment is made via the Internet, Payer will be prompted to authorize the payment and print a confirmation once Payer has reviewed the payment data and input the information necessary to complete the payment. If payment is made via the IVR or call center, the confirmation number will be read to Payer. Bank is not responsible for the detection of errors made by Payer or Customer and may rely on the information submitted or communicated by Payer or Customer.

6. Payment Processing. Payments shall be processed in the manner mutually agreed to between Bank and Customer, which may include ACH debit entries, debit cards, credit cards or other payment processing methods. Customer shall at all times be considered the originator of Payer's payment. For ACH WEB debit transactions, upon Customer's request and if agreed to by Bank, Bank will validate receiving account and account status information by use of a commercially reasonable fraud detection system selected by Bank for the first use of new account information or of a change to existing account information. By requesting that Bank perform such validation, Customer consents to Bank disclosing any information necessary to perform such validation to Bank's third-party vendor. Depending on the applicable payment processing channel, payment processing may also be subject to the terms of any other agreement between Bank and Customer and between Customer and the payment transaction processor supported by Bank. Payments may be initiated through the Customer Payment Site, IVR system or Administrative Terminal. Bank will notify Customer of the payments that were initiated either through the Administrative Terminal or by delivering a file in the manner set forth in the Implementation Documents. Customer acknowledges that all payments are subject to adjustment, return, reversal and/or chargeback in accordance with the rules governing the applicable payment processing channel. Customer agrees to be liable to Bank for any such adjustment, return, reversal or chargeback.

7. Recurring Payments. The E-Payment Service provides Customer with the ability to offer Payers the option of making fixed or variable recurring payments. If permitted by applicable regulations, Payers have the ability to initiate a payment that recurs semi-weekly, weekly, semi-monthly, monthly or quarterly. Payers must be pre-registered in order to initiate variable recurring payments.

8. Fees. In addition to Bank's standard fees, Customer agrees to pay additional fees and expenses for implementation of the E-Payment Service or other additional Services, if any, as may from time to time be disclosed to Customer by Bank. Customer also agrees to pay the applicable fees and expenses charged by the payment transaction processor supported by Bank, as set forth in Customer's agreement with such processor.

9. Convenience Fee.

a. If permitted by applicable regulations, the E-Payment Service offers a flexible convenience fee option that allows Customer or Bank to define and collect a convenience fee to be charged to Payers in connection with the payment transaction. Payers are provided with the opportunity to stop the payment process if they do not wish to pay the convenience fee.

b. If Customer desires to collect the convenience fee, Customer shall be responsible for ensuring that convenience fee assessments comply with the relevant laws, rules and regulations.

c. If agreed to by Bank and Customer, Bank may collect and retain the convenience fee. Customer agrees that Bank may, in its sole discretion, set, adjust, manage and collect the convenience fee as a means to wholly or partially offset Bank fees that may otherwise have been incurred by Customer. Bank's willingness to collect the convenience fee shall be based on Customer's projected payment volume, average ticket, type of transactions, or other considerations such as changes to interchange fees and assessments. Bank may, in its sole discretion, establish or modify payment caps for sums paid by Payers. If the actual payment volume, average ticket or other considerations fail to meet Customer's stated projections or do not completely offset Bank fees, Customer agrees that Bank may, in its sole discretion, require Customer to wholly or partially reimburse Bank for any resulting shortfall in Bank fees.

10. Transaction Controls. Customer agrees to notify Bank of any material change or anticipated material change in daily dollar activity or type of transaction processing and obtain Bank's consent to such change. Bank may, in its sole discretion, immediately upon written notice to Customer, place a maximum dollar limit on the E-Payment transactions or require Customer to provide reasonable security for Bank's continued handling of such transactions.

11. Payer Communications. Customer agrees to obtain all consents necessary from Payers for Bank to process the Payers' data and communicate with Payers (e.g., confirmation Short Message Service ("SMS") or email) in the course of performing the E-Payment Service. It is Customer's responsibility to ensure that its use of the E-Payment Service complies with end-user communication laws such as the Telephone Consumer Protection Act ("TCPA") and Controlling the Assault of Non-Solicited Pornography And Marketing ("CAN-SPAM") Act.

12. Transition to eBill Services. E-Payment Services are in the process of being phased out by Bank. Customer agrees to work in good-faith with Bank to complete the transition of Customer from E-Payment Services to eBill Services (Section IV.A-1) in accordance with the schedule agreed upon by Bank and Customer, but in any case by the final termination date (tentatively scheduled for December 31, 2022) as may later be established by Bank.

B. INFORMATION REPORTING AND TRANSACTION SERVICES

Information reporting and transaction Services may be provided by Bank to Customer through SinglePoint®, Global Trade or other applications or systems as may be introduced by Bank ("System(s)"). The System may also be used by Customer to automate many of the Services offered by Bank and also may provide access to other Bank systems that initiate transactions. Customer agrees that such use of the System shall be governed by this Section and all other relevant sections of this Agreement.

1. Introduction. If requested by Customer and agreed to by Bank, Bank will grant access to Bank's System(s) in the manner agreed to by Bank. Customer agrees to be bound by any terms of use and license agreements associated with these Systems.

2. Information Reporting. Bank is authorized to store, process, transmit and make available through Bank's agencies and Systems and through third-party data processing providers ("Providers") information regarding accounts designated by Customer. Bank or Providers will transmit to Customer information regarding its account(s) and/or other financial data through the System on a periodic basis. Customer may elect to receive data through one or more delivery mechanisms, including, without limitation, the Internet, Application Programming Interface (API), facsimile, CD-ROM or secure email or other data transmission options supported by Bank. Section II.12 shall apply in the event Customer elects to receive facsimile reports via an Electronic Transmission. Balance and related information for Customer's account(s) held at other financial institutions may be made available by these financial institutions or Providers that input information into Bank's System. Bank will use reasonable care in submitting data into the System but assumes no responsibility for the accuracy or timeliness of the account information and other financial data supplied by other financial institutions or Providers. Bank will make every reasonable effort to deliver information by the mutually agreed upon time but does not guarantee a specific delivery time. Accordingly, Bank's responsibility to Customer with respect to the delivery of information shall be to deliver such work as close to the agreed time as may be reasonably practicable.

3. Transaction Services. Customer may use SinglePoint®, Global Trade or other similar System to access treasury management or trade finance transaction Services offered by Bank for which Customer has enrolled. Depending on the type of Service or System feature offered by Bank and selected by Customer, access to the transaction Services may include, but are not limited to, ACH, cash vault, check payables, wire transfer payments, Real-Time Payments (RTP), Zelle disbursements, book transfers, positive pay services, investments, loan services, trust services, letter of credit services, adjustments, returns and exceptions management, receivables management, transaction research and annotation, and system administration. Customer agrees that use of the System for transaction Services shall be governed by this Section IV.B and all other sections of this Agreement that are applicable to the product or Service being accessed.

4. Security Procedures/System Administrator. Customer agrees to operate the System in accordance with Sections III.3 and III.4 of this Agreement.

5. Manuals. Bank will provide Customer with a manual in electronic format that will set forth the applicable System's policies and procedures with which Customer agrees to comply. Bank may, without prior notification, make amendments to any manual. Bank owns or has obtained all proprietary rights to the manuals and Customer agrees not to duplicate, distribute or otherwise copy Bank's manuals without Bank's prior written consent. Any manual will at all times remain the property of Bank and Bank reserves the right to request Customer to return all printed copies of such manual within thirty (30) days of termination of this Service.

6. Customer Responsibilities. Customer will purchase (from Bank, in some cases) and provide all equipment and software necessary to use the applicable System in accordance with this Agreement. Bank shall have no responsibility and makes no warranties for such equipment or software. Customer agrees to use the System solely to conduct its business with Bank and agrees to limit access to those Agents who require access to the System. Customer agrees that in addition to other limitations to Bank's liability elsewhere in this Agreement, Bank shall not be liable for any loss or damage arising directly or indirectly from the following:

a. any inaccuracy or incompleteness in the input of an order or instruction from the Customer;

b. any failure by Customer to obtain a confirmation of an order or instruction; or

c. any cancellation or attempted cancellation by Customer of an order or instruction.

7. International Information Reporting. If requested by Customer and agreed to by Bank, Bank may provide incoming international information reporting through Providers or via SWIFT, which shall be governed by the terms of this Section IV.B, other applicable sections of this Agreement, and other applicable agreements or law. Bank shall receive the international information reporting data through Providers or via SWIFT from Customer's account-servicing Bank ("Servicing Bank") and shall display such data to Customer using SinglePoint® or other similar System. If Customer makes a request to Bank for an off-schedule international information report from the Servicing Bank, Customer agrees that Bank shall have no liability if the Servicing Bank does not support the off-schedule request or does not respond to the request in a timely manner.

C. ELECTRONIC DEPOSIT SERVICES

Electronic Deposit Services provide Customer with the option of making electronic deposits using one or more products offered by Bank. Customer agrees that the Electronic Deposit Services shall be governed by this Section and other relevant sections of this Agreement.

1. Processing Options. Customer shall at all times maintain an account with Bank. Customer captures checks or check information received from its Payor Customers into Check Images and transmits the same to Bank for processing and collection. Bank will seek to collect such Check Images through the check collection system by presenting or exchanging Check Images, or using Check Images to create a Substitute Check, or a Photo-In-Lieu ("PIL") for collection.

2. Definitions.

a. "Check Image" means an electronic image of the front and back of an original paper check (including a paper Demand Draft), or an electronic image of a Substitute Check that is created by Customer, Bank or another bank or depository institution in the check collection system.

b. "Check Image Metadata" means information about the Check Image, as well as pointers to the actual image data (also known as image tags).

c. "Customer System" means the computer hardware and/or software and/or Web-based applications located at Customer's site that is used by Customer to prepare Electronic Deposits and to access the Electronic Deposit Services.

d. "Demand Draft" or "Remotely Created Check" means a paper item, other than a Substitute Check or PIL, which (i) is drawn on a Payor Customer account, (ii) does not bear the signature of the Payor Customer, and (iii) is authorized by the Payor Customer to be issued in the amount for which the item is drawn.

e. "Electronic Deposit" means electronic information (including Check Images, Check Image Metadata, MICR Data or dollar amount), obtained from capturing information from an original paper check and remittance documentation that is transmitted to Bank for deposit, processing and collection.

f. "Electronic Deposit Services" means an array of products and services that allow organizations that receive check payments and/or remittance payments to deposit all payments electronically at Bank, as further described in the applicable User Manual.

g. "Electronic Deposit System" means Bank's computer systems or databases that Customer may access in order to obtain Electronic Deposit Services.

h. "MICR Data" means information from the Magnetic Ink Character Recognition stylized printing on the bottom of checks comprising of routing, transit, account and check serial numbers.

i. "Payor Customers" means clients and/or customers of Customer that submit original paper checks or check information to Customer for payment obligations owed to Customer.

j. "Photo-In-Lieu" or "PIL" means a photocopy of the front of an original paper check created from a Check Image.

k. "Substitute Check" means a paper check document that meets the definition of a "substitute check" in the Check Collection for the 21st Century Act as implemented by Regulation CC of the Federal Reserve Board.

3. Customer Authorizations and Notifications. Customer shall adhere to any and all applicable laws, regulations and clearinghouse rules, including but not limited to, obtaining all necessary consents and authorizations from, and/or providing all necessary disclosures to its Payor Customers concerning the creation of Demand Drafts. Customer is solely responsible for ascertaining the content, method, and frequency of any required authorizations and notifications.

4. Determination of Items Eligible for Electronic Deposit.

Only a paper item, payable on demand, and drawn on or payable through or at an office of a bank, is eligible for deposit as a Check Image. Unless permitted by applicable law, Customer represents and warrants to Bank that Customer shall not use the Electronic Deposit Services to transmit Electronically Created Items (as defined in Federal Reserve's Regulation CC). Without limiting the generality of the preceding sentence, the following items are not eligible for deposit as Check Images or an Electronic Deposit under the Electronic Deposit Services, and Customer must deposit these original paper items with Bank: (i) checks, including travelers checks, that are drawn on banks located outside of the United States; (ii) checks payable in a medium other than U.S. dollars; (iii) non-cash items (as defined under Section 229.2(u) of Federal Reserve's Regulation CC); (iv) promissory notes and similar obligations, such as savings bonds (unless explicitly permitted as an Electronic Deposit in the applicable User Manual); (v) checks issued by and drawn on Customer or an affiliate of Customer; and (vi) any other class of checks or drafts as identified by Bank to Customer from time to time in the User Manual.

5. Capture of Checks and Check Information.

a. For certain Electronic Deposit Services, Customer shall use scanning hardware and/or software that meets Bank's specifications. Depending on the type of Electronic Deposit Service or processing option(s) selected by Customer, in the event the condition of a paper check precludes a complete automated read, Customer shall be responsible for visually inspecting the Check Image. Customer shall be responsible for the repair of any MICR Data (if applicable) and for ensuring that any and all information on the front and back of a paper check is accurately captured and legible in the resulting Check Image, that the resulting Check Image contains an accurate record of all MICR Data required for a substitute check, and that the Check Image otherwise complies with any Check Image or MICR Data quality standards and guidelines that may be established by the American National Standards Institute (ANSI), ECCHO Rules, the Federal Reserve, other applicable regulatory agency or clearinghouse, or which Bank may provide to Customer from time to time. Customer acknowledges that current image technology may not capture all security features (e.g., watermarks) contained in the original paper checks and agrees to assume any and all losses resulting from claims based on security features that do not survive the image process.

b. Customer further acknowledges that Bank does not verify the accuracy, legibility or quality of the Check Image prior to processing an Electronic Deposit. Bank may, in its sole discretion, reject, repair, alter, amend, re-format or convert the Check Image Metadata or MICR Data submitted in an Electronic Deposit in accordance with general check collection practices and industry presentment standards, but Bank shall have no obligation to reject, repair, alter, amend, re-format or convert the Check Image Metadata or MICR Data. If Bank requires that Customer comply with certain formatting standards or other guidelines outlined in the applicable User Manual when submitting Electronic Deposits (for example, requiring use of the external processing code for identifying Remotely Created Checks) and Customer declines to implement, or comply with, such standards or guidelines, Customer acknowledges that Bank shall not be liable for any error or loss that results from Bank processing such Electronic Deposit or from Bank's re-formatting or conversion of the Electronic Deposit prior to processing.

c. Bank shall not be liable to Customer for failure to process an Electronic Deposit, or any error that results in processing or collecting an Electronic Deposit: (i) for which Customer has not provided Bank an accurate, complete and legible image of, or information from, the original paper check; (ii) for which Customer has failed to comply with formatting standards or other guidelines required by Bank; or (iii) which would violate this Agreement, the User Manual or any other agreement between Customer and Bank.

d. If Customer desires to make an Electronic Deposit outside of the contiguous United States, Customer shall seek Bank's prior approval. Bank may reject a deposit transaction or terminate the Electronic Deposit Services immediately if Customer fails to obtain Bank's prior approval. If Customer chooses to access Electronic Deposit Services from locations outside the contiguous United States, Customer is responsible for compliance with local laws. Customer agrees not to use the Electronic Deposit Services in any country that is subject to geographically-based restrictions imposed by OFAC.

6. Upload of Electronic Deposit to Bank.

a. Customer shall upload the Electronic Deposit transmission (containing one or more Electronic Deposits) to Bank prior to the daily cut-off time established by Bank from time to time for the receipt of Electronic Deposits. Any Electronic Deposit transmission received by Bank after its daily cut-off time shall be deemed to have been received by Bank at the opening of its next Business Day. Performance of the Electronic Deposit Services may be affected by external factors such as communication network latency. Customer is responsible for the transmission of the Electronic Deposit until the Electronic Deposit System reports a successful acknowledgement of receipt of the transmission.

b. An Electronic Deposit is received when the entire Electronic Deposit transmission in which that Electronic Deposit is contained is received by Bank in accordance with Section IV.C.6.a above. If only a portion of that Electronic Deposit transmission is received by Bank for any reason, including without limitation, a failure during the transmission to Bank, the Electronic Deposit transmission is deemed to have been not received by Bank with respect to any Electronic Deposit contained in that Electronic Deposit transmission (including any Check Image contained in the portion of that Electronic Deposit transmission that was received).

c. Bank will process Electronic Deposit transmission received from Customer either via Check Image or Substitute Check collection in accordance with the processing options selected by Customer. For each Check Image sent to Bank in an Electronic Deposit transmission, Customer agrees not to deposit or cash the original paper check nor re-deposit the Check Image at Bank or any other financial institution or other business.

d. A per item limit, dollar limit, or deposit limit may be established by Bank in its sole discretion and communicated to Customer. If any such limit is established, Bank shall have no obligation to process items or files in excess of the limit.

7. Funds Availability. Customer agrees that the transmission of Check Images using Electronic Deposit Services is not subject to the funds availability requirements of Regulation CC. Bank may, at any time, and in its sole discretion, provide a one-time notification to Customer if Bank intends to delay funds availability beyond ordinary Regulation CC funds availability time frames for items submitted by Customer using Electronic Deposit Services. In such instance, funds deposited will be available for withdrawal 3 business days after electronic transmission to Bank, subject to any holds placed on the account as permitted under this Agreement. Bank may, but is not required to, make such funds available sooner.

8. Collection of Check Images. Notwithstanding anything to the contrary in this Agreement, Bank may in its sole discretion determine the manner in which Bank will seek to collect a Check Image deposited by Customer for check collection. Without limiting the generality of the preceding sentence, Bank may, at its option: (i) present or transfer the Check Image to the paying bank, a Federal Reserve Bank, check clearinghouse, image share/exchange network, or other bank; (ii) create a Substitute Check or a PIL from the Check Image and collect such item, or (iii) request that Customer provide to Bank the original paper check from which the Check Image was created and then collect the original paper check. Depending on the collection method, the Check Image or physical item is subject to the rules of that clearinghouse, Federal Reserve Bank, or image share/exchange network or financial institution agreement.

9. Storage of Check Images. Bank shall store Check Images and other check information on the Electronic Deposit System in accordance with Bank's record retention schedule and shall make such information available to Customer according to the applicable User Manuals and fee schedule. If the Electronic Deposit Services are terminated, Customer may obtain Check Images or check information at the price outlined in the fee schedule.

10. Franking, Endorsement, Retention and Destruction of Original Paper Checks. Depending on the requirements outlined in the applicable User Manual, Bank may require, or strongly recommend, that Customer frank or mark the face of each original check after successfully capturing each Check Image to help ensure that an item is not deposited more than once either as a Check Image or physical check. Bank may require Customer to restrictively endorse each check prior to capturing each Check Image. Customer shall destroy the original paper check based on guidelines identified in the applicable User Manual and shall employ commercially reasonable methods to securely store the original paper check until destruction. At Bank's request, Customer shall provide the original paper check to Bank if the original paper check has not been destroyed by Customer and Bank needs the original paper check to process a payment or resolve a dispute arising from an Electronic Deposit.

11. Representations and Warranties. With respect to each Check Image or Electronic Deposit that Customer transmits to Bank, Customer is deemed to make any representation or warranty that would have applied had Customer deposited the original paper check, including without limitation, that no party will receive a presentment or otherwise be charged for a paper check, whether presented in paper or electronic form, which Customer has converted to a Check Image such that such party is asked to make payment of a check which has already been paid. In addition Customer is deemed to make to Bank any representation, warranty or indemnification that Bank makes, under applicable law, clearinghouse rule, Federal Reserve Operating Circular, Federal Reserve Regulation (including without limitation Regulation CC), bi-lateral agreement or otherwise, to any person (including without limitation a collecting bank, a Federal Reserve Bank, a Receiving Depository Financial Institution, a paying bank, a returning bank, a depository bank in possession of the original paper check, the drawee, the drawer, any endorser, or any other transferee) when Bank transfers, presents or originates a Check Image, Substitute Check or PIL created from the Electronic Deposit.

12. Customer Responsibility. With respect to each Check Image, Electronic Deposit or other image that Customer transmits to Bank, Customer agrees to defend, indemnify and hold Bank harmless from and against any and all claims, demands, damages, losses, liabilities, penalties and expenses (including, without limitation, reasonable attorney fees and court costs at trial or on appeal) arising directly or indirectly: (a) from Customer's breach of a representation or warranty as set forth in Section IV.C.11 above; (b) as a result of any act or omission of Customer in the capturing, creation or transmission of the Check Image or Electronic Deposit, including without limitation, the encoding of the MICR Data from the original paper check; (c) from any duplicate, fraudulent or unauthorized check, Check Image, Substitute Check or PIL; (d) for any loss caused by Bank's acceptance of a Check Image, or creation of a Substitute Check or PIL instead of presentment of the original paper check; (e) out of Customer's deposit of an Electronically Created Item; or (f) from any other act or omission arising out of Bank's action or inaction taken pursuant to any request by Customer or pursuant to this Agreement. This Section IV.C.12 shall survive termination of the Agreement.

13. User Manual. Bank will provide Customer with one or more user guides ("User Manual") in paper or electronic format that will set forth the policies and procedures for the relevant Electronic Deposit Services product with which Customer agrees to comply. Bank may, without prior notification, make amendments to any User Manual. Bank may require that certain employees of Customer attend periodic training as a condition to using the Electronic Deposit Services.

14. Security Procedures and Right to Audit. Customer shall comply with all security procedures for the Electronic Deposit Services that are established by Bank or set forth in the applicable User Manual. Customer is solely responsible for (i) maintaining its own internal security procedures; (ii) safeguarding the security and confidentiality of any information that is obtained from Payor Customers' checks, Check Images and other information that is either printed from, stored on, or downloaded to, the Customer System, Electronic Deposit System, or Customer's other computer/data systems or portable media; and (iii) preventing errors or unauthorized access to the Customer System or the Electronic Deposit System. Bank reserves the right to periodically audit Customer's security procedures and information technology processes and to mandate controls.

15. Mobile Remote Deposit Services ("Mobile Services"). Depending on the type of Electronic Deposit Service selected by Customer, Mobile Services is an optional add-on service that will allow Customer to make remote check deposits and obtain check deposit history made through the Mobile Services using a supported mobile device. If Customer selects

Mobile Services, Customer will need to download and install a Mobile Service application on compatible and supported mobile phones, tablets or other devices (collectively, "Devices").

a. Description of Mobile Services. Mobile Services allow Customer to use a Device to take photographs of the front and back of the check and to transmit the Check Image to Bank in a secure data encrypted format using Customer's mobile service provider's cellular network or the Internet (collectively, "Network"). Certain Mobile Services may allow Customer to use a Device to enter remittance data and to take photographs of the front and back of remittance and general documents associated with the Check Image for reporting and research purposes.

b. Use of Mobile Services. Customer agrees to use Mobile Services in accordance with this Agreement, other user requirements provided in the User Manual and the downloaded mobile application. Bank reserves the right to modify the scope of Mobile Services at any time or change or upgrade Mobile Services from time to time, including the right to cease offering the Service on a previously supported Device. Bank also reserves the right to refuse any Electronic Deposit requested through the Service because a Check Image fails image quality standards, is detected as a duplicate item, or for any other reason in Bank's sole discretion. Customer understands and agrees that Mobile Services may not be accessible at all times due to Network connectivity or may have limited utility over some Networks, such as while roaming. Customer acknowledges and agrees that Bank may use geolocation technology to track that Mobile Services activity occurs within the contiguous United States.

c. Software. Customer agrees not to use Mobile Services or the content or information delivered through Mobile Services in any way that would infringe upon any third-party copyright, patent, trademark, trade secret, or other proprietary rights or rights of publicity or privacy, including any rights in the Mobile Services software. In the event Mobile Services is terminated or Customer's software license is revoked for any reason, Customer agrees to promptly delete the Mobile Services application from its Devices.

d. Service Limitations.

i. Neither Bank nor Customer's mobile service providers can always foresee or anticipate technical or other difficulties related to Mobile Services, which may result in loss of data, personalization settings or other interruptions. Bank assumes no responsibility for the timeliness of any Mobile Services transmissions or communications, or the loss or failure to store any user data, communications or personalization settings in connection with a Device and Customer's use of Mobile Services.

ii. Bank shall not be responsible for the operation, security, functionality or availability of any Device or Network that Customer utilizes to access Mobile Services. Transmission of a Check Image shall not be deemed received unless the Device reports a successful acknowledgement of receipt of the transmission. Customer agrees to exercise caution when utilizing Mobile Services on Devices and to train its Authorized Users to exercise good judgment and discretion when accessing or transmitting information.

iii. Information about activity is synchronized between the Mobile Services software and Bank's Electronic Deposit System, however, deposit information available via the Mobile Services application may differ from the information that is available directly through the Electronic Deposit System. Information and features available directly through the Electronic Deposit System may not be available via the Mobile Services application and may be described using different terminology. The method of entering information via the Mobile Services application may also differ from the method of entering instructions through the Electronic Deposit System. Customer agrees that Bank shall not be liable for any errors or delays in the content as a result of Customer's use of the Mobile Services software.

iv. Customer acknowledges that its mobile service carrier or provider may provide for fees, limitations and restrictions such as data usage charges or data throttling which may have an impact on Customer's use of or interaction with Mobile Services. Customer agrees to be solely responsible for all such fees, limitations and restrictions.

e. Security.

i. If Customer permits its employees or agents to use their own personal mobile devices to access Mobile Services, Customer assumes any and all risks associated with the use of personal mobile devices, including but not limited to, any risk that compromises the integrity of Customer's corporate network or sensitive business data. Customer is solely responsible for implementing policies that will help mitigate the risk of allowing employees to use personally-owned mobile devices, which may include but are not limited to, requiring that Devices are configured and managed with information assurance controls commensurate with the sensitivity of the underlying data and employing Mobile Device Management (MDM) software or other software that secures, monitors, manages and supports mobile devices deployed across operators, service providers and enterprises.

ii. Customer shall ensure that its employees or agents exercise appropriate precautions surrounding the use and safeguarding of the Devices at all times. Customer agrees not to leave Devices unattended when logged into Mobile Services and to log off immediately at the completion of each access. Customer agrees that either a username and password or biometric verification are the agreed-upon security procedures and that such security procedures are commercially reasonable. If these security procedures are used to access Mobile Services, Customer agrees that any transactions using Mobile Services are hereby authorized. If Customer permits other persons to use a Device, login information or any other means to access Mobile Services, Customer will be responsible for the resulting transactions, and Bank shall have no liability for any damages Customer may incur.

iii. Devices with internet capabilities are susceptible to viruses. Customer is responsible for ensuring that each Device is protected from and free form viruses, malicious software ("malware") and other harmful components which could result in damage to programs, files, or the Device, or could result in information being intercepted by a third party. Bank shall have no liability for any damages which may result from such viruses, malware or other harmful components.

D. ACH SERVICES

1. Introduction. If requested by Customer and agreed to by Bank, Customer or its Agent may initiate credit or debit Automated Clearing House ("ACH") transactions ("Entries") for payments ("Credit Entries") and/or collections ("Debit Entries") on Business Days to its accounts or the accounts of others ("Receivers") in accordance with Bank's security procedures and this Agreement. Bank will act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. Bank may process Entries directly, through one or more clearinghouses, or through the mechanism selected by Bank. Customer's rights and obligations with respect to such Entries are governed by applicable law and the NACHA Rules, as amended from time to time. Customer acknowledges that it shall be bound by the then-current version of the NACHA Rules and agrees not to initiate any Entry in violation of the NACHA Rules or applicable federal, state or international law, regulation or clearinghouse rules, including, without limitation, Regulation E of the Board of Governors of the Federal Reserve System, regulations promulgated by the Office of Foreign Assets Control, FinCEN, rules governing the Canadian, Mexican and European payments systems and Operating Circular 4 of the Federal Reserve Bank (collectively referred to herein as the "Rules"). Customer acknowledges and agrees that Bank shall have the right to examine Customer's books, records and systems to ensure Customer's compliance with the Rules and this Section IV.D and that Bank shall further have the right to suspend Services if Bank determines, in its sole and absolute discretion, that Customer is not complying with the Rules and/or this Section IV.D. Customer acknowledges that a copy of the NACHA Rules is available through NACHA at current NACHA prices. Bank shall have the right, in its sole discretion, to terminate or suspend ACH Services immediately if Bank is legally or contractually required to place a hold on funds or a portion of the funds in Customer's account(s). Bank may also, in its sole discretion, delay, suspend or reject an ACH file or Entry if the Bank has a reasonable basis to suspect the ACH file or Entry may be unauthorized or fraudulent. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the NACHA Rules.

2. Entry Origination/Processing Dates/Deadlines. Customer may initiate Entries in the manner and format agreed to by Bank. ACH files transmitted to Bank shall be in an unbalanced file format unless otherwise agreed to by Bank. Bank has the right to restrict the standard entry class ("SEC") codes utilized by Customer. If notified by Bank of such restriction, Customer must cease use of the SEC code and the underlying transaction type. Customer agrees that all Entries (regardless of SEC Code) that involve the storage, exchange or transmission of banking information via unsecured electronic networks shall be encrypted or transmitted via a secure session, using a commercially reasonable security technology that complies with regulatory guidelines. Bank will establish a deadline for the receipt of Entries from Customer ("Deadline"). Bank may establish different Deadlines for Entries depending on the method of delivery employed by Customer and all such Deadlines are subject to change. Bank must receive Customer's Entries at or prior to the Deadline for the Entries to be processed on the Business Day of receipt. Entries received after the Deadline, Entries that contain an Effective Entry Date that is invalid or stale, or Entries that are ineligible for Same Day ACH, will be processed on the next Deadline, which may be the next Business Day. Entries with settlement dates of more than thirty (30) calendar days from receipt will not be processed unless prior arrangements have been made. If Customer has opted-in for Same Day ACH, Customer acknowledges that any Entry using the current day's date as the Effective Entry Date that is submitted to the ACH Operator prior to the Deadline shall carry the Same Day ACH fee. If Customer has not opted-in for Same Day ACH and submits an Entry prior to the Deadline using the current day's date as the Effective Entry Date, Customer acknowledges that such Entry shall be processed on the next Business Day.

3. Content and Secondary Authorization. In submitting any Entry, Customer shall be responsible for providing all information required by Bank. Customer bears sole and exclusive responsibility to verify that the information set forth in Entries submitted to Bank is authentic, accurate and conforms to the Rules. The Services hereunder are only designed to respond to information provided by Customer. Accordingly, any inaccuracy in any information provided by Customer may result in unintended processing by Bank. Bank bears no responsibility for detecting or reporting any error in data supplied by Customer and shall not be liable to Customer for any information provided by Customer with respect to an Entry which is inaccurate, incomplete or otherwise incorrect. Bank strongly recommends that Customer utilize a second individual to review and approve ACH files prior to submission to Bank. Customer acknowledges and agrees that such a security procedure is commercially reasonable and that Customer's failure to use this procedure substantially increases Customer's risk of an unauthorized ACH file.

4. Entry Limits and Payment. Customer agrees to comply with any applicable per transaction or aggregate Entry limits established by the Rules. Customer shall at all times maintain a settlement account with Bank for the purpose of funding Customer's Entries ("Account"). The total dollar amount of Entries initiated by Customer through Bank under all ACH Services and pending on a given day shall not exceed the lesser of collected or available balances in the Account or an exposure limit should one be established by Bank ("Exposure Limit"). Establishment of an Exposure Limit should not be interpreted or construed by Customer as a commitment or agreement to provide any credit or loans to a Customer and is subject to modification or termination at any time by Bank. Customer shall pay Bank for all Entries and authorizes Bank to charge its Account or any other account with Bank in the amount of such Entries. Bank shall have the right in its sole discretion to reject any or all Entries initiated by Customer without notice if Bank has reason to believe that there will be insufficient available funds on the relevant settlement date, even if Bank may have previously accepted Entries for processing with insufficient available funds in the Account. Customer will receive funds for any Debit Entry on the ACH settlement date. Bank shall credit the Account in any amount payable to the Customer, subject to Bank's right to make adjustments in accordance with this Agreement. Bank may establish, monitor and periodically review Customer's Exposure Limit and Customer's compliance thereof, and may, in Bank's sole discretion, cease processing Entries based on such review.

5. Prenotification. To the extent permitted by the Rules, Customer may elect to send a prenotification that it intends to initiate an Entry to a particular account in accordance with the procedures set forth in the Rules or by Bank. The prenotification can be returned or result in a Notification of Change ("NOC"). If the prenotification is returned, Customer shall research the problem and make any necessary corrections before transmitting another Entry. If the prenotification results in a NOC, Customer shall make the required change prior to initiating another Entry or issue a Refused NOC. Bank offers an optional Service that allows Bank to track Customer's NOC on Customer's behalf. If Customer selects this option, Bank shall only manage the changes to the routing numbers, account numbers and transaction codes.

6. Notification of Change ("NOC"). A NOC is created by the Receiving Depository Financial Institution ("RDFI") to notify Customer (via Bank) that previously valid information contained in a posted Entry is outdated, or information contained in a prenotification or live transaction is erroneous or improperly formatted and should be corrected. Bank offers NOC Manager, which is a Service that allows Bank to track Customer's NOC on Customer's behalf. NOC Manager only manages the changes to routing numbers, account numbers and transaction codes. Bank, in its sole discretion, may require that Customer enroll in NOC Manager as part of ACH Services provided to Customer.

7. Data Breach Notification. Customer may have gathered personal or financial information of its customers for the purpose of initiating ACH transactions. Such information may include, without limitation, the customer's bank account number together with the bank routing number, or the customer's name together with the customer's social security number or tax identification number. Customer agrees to immediately report to Bank any loss, theft or unauthorized access of such information ("data breach") by or from Customer, its Agent, or third-party service provider, if circumstances indicate that the misuse of such information has occurred or is reasonably possible. Customer acknowledges that Bank may have an obligation to report any data breaches to NACHA and other affected parties, and agrees to establish appropriate procedures to prevent, detect, investigate and report data breaches. If applicable to Customer, Customer agrees to render electronically stored account numbers used in the initiation of Entries unreadable in accordance with the requirements and effective dates specified by NACHA.

8. ACH Secured Funds Entries. Bank may, at any time, and in its sole discretion, require Customer to prefund some or all Credit Entries that Customer desires to initiate. Customer acknowledges and agrees that such funds are held solely for the benefit of Bank and that Customer will not be entitled to earn any interest thereon. Upon initiation of such Credit Entries, Bank is authorized to immediately charge the Account (in the total amount of such Entries). If ACH Secured Funds is used to initiate Debit Entries, funds will be credited to the Account on the settlement date of the transaction. However, such funds shall not be available for withdrawal from the Account for two Business Days, or such other period as determined by Bank, after the settlement date.

9. File Confirmation System. Customer shall at all times comply with applicable file confirmation procedures and any security procedures established by Bank. Such procedures are solely for the purpose of verifying the origination of Entries by Customer or Bank's receipt of the ACH file and/or batch (but not for errors in transmission or content).

a. Control Totals. If Customer elects to provide Bank with the total dollar value of Entries and any other necessary information ("Control Totals"), Customer must telephone Bank's Interactive Voice Response system or input Control Totals through SinglePoint each time it originates Entries. After Bank receives Customer's ACH file, Bank will compare the information in the ACH file to the Control Totals. If the information matches the Control Totals, Bank will process the ACH file. Bank will notify Customer if the Control Totals do not match the information in the ACH file, or if Bank receives an ACH file without receiving Control Totals or vice versa. Bank will not process an ACH file unless it receives conforming Control Totals before established Deadlines.

b. Confirmation of Receipt. If Customer elects not to provide Bank with Control Totals but elects to receive a confirmation report or file, Bank shall provide Customer with a confirmation that Bank received Customer's ACH file and/or batch. After Customer receives the confirmation report or file, Customer will compare the confirmation information to Customer's ACH transmission information. If the information does not match, Customer shall notify Bank before Bank's established deadline, failing which, Bank shall process Customer's ACH file and/or batch. Customer acknowledges that the confirmation report or file is for the sole purpose of verifying Bank's receipt of the file and does not signify any validation of data. Customer bears sole responsibility for any inaccurate or incomplete information provided to Bank if Customer fails to notify Bank prior to Bank's processing of Customer's file.

10. Rejected and Returned Entries, Unauthorized Entries. Bank may reject any Entry that is not initiated in accordance with this Agreement. In the event that an Entry is rejected, or returned by an ACH processor, for any reason whatsoever, it shall be Customer's responsibility to reinitiate the Entry. Bank will give Customer or its designated Agent notice of any rejected or returned Entry in the manner agreed to by the parties. Bank is authorized to debit/credit the Account for Entries that are returned to Bank. Unless the return is caused by Bank's failure to properly execute an Entry, Bank has no obligation to pay Customer interest on the amount of any returned Entry debited from the Account. A Receiver may, in some cases, have the right to have an unauthorized or erroneous Debit Entry credited to its account. Customer agrees that Bank may deduct the amount owing to the Receiver from Customer's Account upon Bank's receipt of proper notice from the Receiver's bank. Bank may charge back against Customer any Debit Entry that is returned or reversed by the RDFI. Bank may, in its sole discretion, suspend Customer's use of ACH Services due to excessive return activity.

11. ACH Redeposit Service. If requested by Customer and agreed to by Bank, Bank will reinitiate (maximum of two times) each Debit Entry returned for insufficient or uncollected funds.

12. Amendment of Entries. Customer does not have the right to delete, reverse or amend any Entry (each, an "Adjustment Request") after it has been received by Bank. If Customer sends Bank an Adjustment Request via internet, secure email, or fax in accordance with the terms of this Agreement, Bank will make reasonable efforts to act on the Adjustment Request. All Adjustment Requests must be received by Bank prior to the established deadlines, and even if the Adjustment Request is made in a timely manner, Customer acknowledges that an Adjustment Request may prove unsuccessful (for example, if it is returned by the RDFI for non-sufficient funds). Customer agrees to indemnify Bank in connection with any Adjustment Request in accordance with applicable law.

a. Internet Option. If Customer has selected the Internet Option, Customer may use SinglePoint® to transmit information to Bank for the purpose of amending ACH files. Customer agrees to comply with any applicable software agreement, user guide and any established security procedures.

b. Secure Email Option. If Customer has selected the Secure Email Option, Customer may send an Adjustment Request to a designated shared mailbox at Bank.

c. Fax Option. If Customer has selected the Fax Option, Customer may transmit an Adjustment Request to Bank via facsimile to a designated facsimile number. Customer acknowledges that the Internet and Secure Email Options are substantially more secure than the Fax Option. Customer agrees to be bound by any instructions submitted via the Fax Option, whether or not authorized, issued in its name and accepted by Bank in accordance with the agreed procedures.

13. Customer Representations/Indemnity. Customer represents and warrants to Bank that each Entry: (i) complies with the terms of this Agreement and the Rules; (ii) does not breach any warranty of Customer or Bank contained in this Agreement and the Rules; (iii) complies with applicable state, federal and international laws and rules, including, without limitation, the Electronic Funds Transfer Act, Regulation E and regulations overseen by the Office of Foreign Assets Control; (iv) is accurate, timely, and authorized; and (v) that any Debit Entry is for a sum that on its settlement date is due and owing from the Receiver to Customer or is a correction of a previously transmitted erroneous Credit Entry. For all WEB Debit transactions, Customer further represents and warrants that it will validate account information by use of a commercially reasonable fraud detection system (i) for the first use of new account information; and (ii) when the Receiver makes a change to its account. With respect to each ACH Entry (regardless of SEC Code), Customer is deemed to make to Bank any representation or warranty that Bank makes, under applicable law and the Rules to any person, RDFI, or any other transferee. Receiver authorizations shall expressly authorize Bank to transmit corrective entries to the Receiver's accounts to correct a prior Entry and shall authorize Customer to release to Bank all information concerning its Receivers that is required by Bank to recover such Entries. Customer shall immediately cease initiating Entries upon receiving actual or constructive notice of the termination or revocation of the Receiver's authorization. Customer will retain each authorization received by Customer for such period of time as may be required by the Rules or applicable law and shall provide Bank with copies of such authorizations upon request. Customer will indemnify, defend and hold Bank harmless from and against any and all claims, demands, expenses, losses, liabilities, and damages, including without limitation, NACHA fines, reasonable attorney fees and court costs at trial or on appeal that arise directly or indirectly out of any Entry initiated by Customer in violation of this Agreement and the Rules.

14. Re-presented Check Entries. NACHA Rules allow Customer to initiate an Entry to collect certain checks that have been returned unpaid for insufficient or uncollected funds ("RCK Entry"). In the event that Customer initiates an RCK Entry to Bank for check collection purposes, Customer agrees that such RCK Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the RCK Entry on its behalf:

a. Each check is eligible under NACHA Rules to be collected via an RCK Entry.

b. Customer has no knowledge of any insolvency and it has good legal title to the returned item.

c. All signatures on the returned item are authentic and authorized, and the returned item is without alteration, not subject to claims or defenses, and will not be presented to the paying bank.

d. The RCK Entry accurately reflects the item and any information encoded after issue in magnetic ink is correct. (RCK Entries cannot be used for collection fees.)

e. Any restrictive endorsement placed on the item is void or ineffective.

f. Customer has provided clear and conspicuous notice of its electronic check representment policy in advance of receiving the item to which the RCK Entry relates.

g. The Customer will provide to Bank immediately upon request a copy of the front and back of the returned item, provided that the request is made within seven (7) years of the settlement date of the RCK Entry.

15. Internet-Initiated Entries. NACHA Rules allow Customer to initiate a Debit Entry to a consumer Receiver's account pursuant to an authorization obtained from the Receiver via the Internet ("WEB Entry"). In the event that Customer initiates a WEB Entry to Bank, Customer agrees that such WEB Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the WEB Entry on its behalf:

a. Customer has employed a commercially reasonable fraudulent transaction detection system to screen each WEB Entry. As of the effective date specified by NACHA, a commercially reasonable fraudulent transaction detection system must include, at a minimum, validation of the account number to be debited for each Web Debit Entry. This validation must be completed for the first use of such account number as well as each time there is a change in such account number.

b. Customer has employed commercially reasonable methods of authentication to verify the identity of the Receiver.

c. Customer has taken commercially reasonable steps to verify that routing numbers are valid.

d. Customer has established a commercially reasonable secure Internet session prior to the key entry by the Receiver of any banking information and through the transmission of the data to Customer. If regulatory requirements or technological advancements drive the commercially reasonable standard to change, Customer agrees to comply with the new standard.

e. Customer has and will conduct an annual audit to ensure that the financial information that Customer obtains from its Receivers is protected by security practices that include adequate levels of: (1) physical security to protect against theft, tampering, or damage, (2) personnel and access controls to protect against unauthorized access and use, and (3) network security to ensure secure capture, storage and distribution of financial information. Customer will provide proof of Customer's security audits to Bank upon request. Any such information provided to Bank shall be kept confidential except as required to be disclosed by applicable law, rule or regulation. Bank may cease processing Entries for Customer if Bank in its sole discretion determines that Customer's security procedures are inadequate.

16. Telephone-Initiated Entries. NACHA Rules allow Customer to initiate a Debit Entry to a consumer Receiver's account pursuant to the Receiver's oral authorization and banking information obtained via the telephone ("TEL Entry"). In the event that Customer initiates a TEL Entry to Bank, Customer agrees that such TEL Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the TEL Entry on its behalf:

a. Receiver Authorization. Customer shall obtain the Receiver's explicit authorization prior to initiating a Debit Entry to the Receiver's account. In the event that Customer obtains the Receiver's authorization verbally, Customer will either tape record the Receiver's oral authorization or provide, in advance of the settlement date of the Entry, written notice to the Receiver that confirms the oral authorization. Customer agrees that, at a minimum, the following specific information is disclosed to, and acknowledged by, the Receiver during the telephone call:

(i) the date on or after which the Receiver's account will be debited;

(ii) the amount of the Debit Entry to the Receiver's account;

(iii) the Receiver's name;

(iv) the account to be debited;

(v) a telephone number that is available to the Receiver and answered during normal business hours for customer inquiries;

(vi) the date of the Receiver's oral authorization;

(vii) a statement that the authorization obtained from the Receiver will be used to originate an ACH debit to the Receiver's account;

(viii) for recurring TEL entries, the amount of recurring transactions; and

(ix) for recurring TEL entries, the timing (including the start date), number, and/or frequency of the electronic fund transfers.

Customer shall retain either the original or a duplicate tape recording of the Receiver's oral authorization or a copy of the written notice confirming the Receiver's oral authorization for two years from the date of the authorization and shall immediately provide same to Bank upon request.

If Customer chooses to provide the Receiver with written notice confirming the Receiver's oral authorization, Customer will disclose to the Receiver during the telephone call the method by which such notice will be provided.

b. Security Procedures. In addition to all other representations and warranties contained in this Agreement and the Rules, Customer also represents and warrants the following each time it delivers a TEL Entry to the Bank that it has (a) utilized a commercially reasonable security procedure to verify the identity of the Receiver, including name, address and telephone number; and (b) further that Customer has established commercially reasonable procedures to verify the accuracy of the RDFI's ABA routing and transit number.

17. Accounts Receivable and Back Office Conversion Entries. NACHA Rules allow Customer to utilize ACH to collect consumer check payments received via U.S. mail or at a dropbox location ("ARC Entry"). NACHA Rules also enable Customer to convert during back office processing checks presented either at the point of purchase or a manned bill payment location ("BOC Entry"). In the event that Customer initiates an ARC or BOC Entry to Bank, Customer agrees that such ARC or BOC Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the ARC or BOC Entry on its behalf:

a. Prior to the receipt of each check, Customer has provided clear and conspicuous notice to the Receiver: (i) that receipt of the check is authorization for a payment as a check transaction or for a one-time ACH debit to the Receiver's account; and (ii) of Customer's phone number for inquiries regarding BOC Entries.

b. Customer shall provide a copy of the notice to the Receiver at the time of the transaction if the Receiver presents the check in-person.

c. Each check is eligible as a source document under NACHA Rules to be collected via an ARC or BOC Entry.

d. Customer shall use a reading device to capture the Receiver's routing number, account number, and check serial number from the source document (unless Bank has agreed to do so on Customer's behalf for retail lockbox services).

e. The amount of the entry, the routing number, the account number, and the check serial number are in accordance with the source document.

f. The source document to which the ARC or BOC Entry relates will not be presented for payment.

g. Customer has established policies and procedures to destroy the source document as soon as is reasonable and shall use commercially reasonable methods to securely store the source document until such destruction.

h. Customer shall use commercially reasonable methods to securely store all banking information relating to the ARC or BOC Entry.

i. Customer shall retain a reproducible and legible image, microfilm or copy of the front of the Receiver's source document for two years from the settlement date of each ARC or BOC Entry, and shall immediately provide same to Bank upon request.

j. For BOC Entries, Customer has employed commercially reasonable procedures to verify the identity of each Receiver of BOC Entries.

k. For BOC Entries, Customer maintains a working telephone number that is answered during Customer's normal business hours for Receiver inquiries regarding BOC transactions.

18. Point of Purchase (POP) Entries. NACHA Rules allow Customer to initiate a Debit Entry to a Receiver's account for in-person purchases made by check at the point-of-purchase ("POP Entry"). In the event that Customer initiates a POP Entry to Bank, Customer agrees that such POP Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the POP Entry on its behalf:

a. Customer has posted a notice in a prominent and conspicuous location at the point-of-purchase and provided the Receiver with a written notice of same: (i) that when a check is provided as payment, it is authorization for payment as a check transaction or for a one-time ACH debit to the Receiver's account; and (ii) that funds may be withdrawn from the Receiver's account the same day payment is made.

b. Each check is eligible under NACHA Rules to be collected via a POP Entry and the Receiver has not opted out of check conversion

c. Customer has used a reading device to capture the Receiver's routing number, account number, and check serial number from the source document.

d. Customer has provided a receipt to the Receiver containing the Originator name, telephone number, date of transaction, transaction amount, check serial number of the source document, merchant number, terminal city and state; and Customer has not included the Receiver's complete account number or complete identification number on such receipt.

e. Customer has returned the voided source document to the Receiver after capturing the necessary check information and the source document was not previously negotiated, voided, or provided by the Receiver for use in any prior POP Entry.

f. Customer has obtained the Receiver's authorization and provided a copy of same to the Receiver, which: (i) is in writing and signed or similarly authenticated by the Receiver; (ii) is readily identifiable as an ACH debit authorization; (iii) clearly and conspicuously states its terms; and (iv) states that the check will not be processed.

19. International ACH Transactions (IAT) Entries. NACHA Rules allow Customer to initiate or receive international payment transactions transmitted via the ACH network.

a. In the event any part of an Entry originates from, or is transmitted to, a financial agency office located outside the territorial jurisdiction of the United States that handles the payment transaction ("IAT Entry"), Customer agrees that such IAT Entry will comply with all provisions of this Agreement and applicable Rules. Customer acknowledges that an IAT Entry is ineligible for Same Day ACH. Customer also makes the following additional representations and warranties regardless of which entity initiates the IAT Entry on its behalf:

- **(i)** Customer is in compliance with U.S. law, including, but not limited to, Customer's obligations under programs administered by OFAC and FinCEN.
- **(ii)** The origination of an outbound IAT Entry is in compliance with the laws and payment system rules of the receiving country.
- **(iii)** In the case of an IAT Entry to a non-consumer account, Customer has an agreement with the Receiver whereby the Receiver has agreed to be bound by the Rules.

IAT Entries may be processed by Bank through a correspondent bank. Bank assumes no liability for delays, non-delivery, late returns or other events resulting from processing delays by the correspondent bank or for other causes beyond Bank's control. Cancellation or amendment of an IAT Entry involving non-U.S. dollar currency is subject to any rate exchange loss as determined by Bank. Customer agrees to sell any canceled or amended Entry to Bank at the then current applicable foreign currency buy rate.

b. Remittance Transfer Provider. If Customer is at any time classified as a Remittance Transfer Provider under Regulation E, Customer represents, warrants and agrees that:

- **(i)** Customer shall be responsible for performing and complying with the requirements of 12 CFR Part 1005, including, but not limited to, providing disclosures to the consumer (sender), the error resolution procedures, the provision of any remedies to the consumer, and the cancellation and refund of remittance transfers;
- **(ii)** Bank is acting as an agent and not as a Remittance Transfer Provider when performing activities on behalf of Customer; and
- **(iii)** Even if Bank is deemed a Remittance Transfer Provider under applicable law, Customer shall take all actions necessary to comply with the obligations of a Remittance Transfer Provider.

Customer agrees to indemnify and hold Bank harmless from and against any and all loss, liability, damage, costs and expenses (including attorneys' fees) that Bank may sustain in reliance on Customer's representations and warranties set forth in this Agreement or the Rules.

20. Third-Party Vendors. If Customer initiates Entries through a third-party vendor or processor ("Vendor"), Vendor is the agent of Customer and not of Bank. If Customer uses a Vendor, Customer shall be deemed to have authorized Bank to follow the instructions of such Vendor to the same extent and under the same conditions as would apply if the instructions came direct from Customer and Customer shall be responsible for insuring that such Vendor fully complies with the Rules and this Agreement. Bank is not responsible for the acts or omissions of Vendor and Customer agrees to be liable for and hold Bank harmless from, any losses caused by the acts or omissions of Customer's Vendor.

21. Third-Party Sender. If Customer is transmitting Entries as a third-party vendor or processor on behalf of originators ("Third-Party Sender"), Customer agrees to be bound by the applicable terms provided in this Agreement and the Rules. Customer warrants to Bank that the originator has agreed to assume the responsibilities of an Originator under NACHA Rules and that ACH Entries shall not be initiated in violation of laws of the United States. Customer represents that it has executed an ACH agreement with each Originator and that the agreement binds the Originator to the NACHA Rules. Customer shall provide Bank with the list of Originators, copies of the agreements, and other information deemed reasonably necessary to identify the Originators within two (2) Business Days of Bank's request. Bank reserves the right to review the list of Originators for which Customer is transmitting the Entries and to reject any in Bank's sole discretion. As Third-Party Sender, Customer agrees to indemnify, defend and hold Bank harmless from and against any and all claims, demands, expenses, losses, liabilities, and damages, including reasonable attorney fees and court costs at trial or on appeal that arise directly or indirectly from the failure of the Originator to perform its obligations as an Originator under NACHA Rules. Customer further agrees to assume all applicable responsibilities, warranties and liabilities of the ODFI, as specified in the NACHA Rules. Customer shall cooperate fully and respond within two (2) Business Days to any inquiry from Bank relating to potential NACHA Rule inquiries or violations.

22. Cash Concentration/Deposit Reporting Services. Customer may request Bank to provide deposit reporting Services based on information provided by the Customer or its designated Agent. Information will be delivered to Bank at the time and location established by Bank. Bank has no responsibility for the accuracy of any information provided by Customer. Customer may authorize Bank to initiate Credit or Debit Entries to accounts designated by Customer at other financial institutions. Bank will initiate such Entries in accordance with agreed procedures. Customer agrees to authorize RDFIs to honor such transactions.

23. ACH Positive Pay Service. ACH Positive Pay Service assists Customer in detecting fraud by electronically matching incoming ACH transactions to authorizations that Customer can create and manage online. If ACH Positive Pay Service is selected by Customer, Customer shall designate the account(s) maintained at Bank that are to be used with the ACH Positive Pay Service ("ACH Positive Pay Account"). Customer

shall create authorizations for incoming ACH Credit and/or Debit Entries that it desires to post to the ACH Positive Pay Account. Customer shall be responsible for the accuracy and completeness of all information provided to Bank. Bank will allow incoming Entries that match Customer's authorizations to post to Customer's ACH Positive Pay Account. Incoming ACH transactions that do not match Customer's authorizations will be treated as exception items, and Customer agrees to monitor, review and make payment decisions on the exception items prior to Bank's established deadline. Bank is authorized to return all exception items unless Customer instructs bank to pay one or more exception items prior to the established deadline. Bank shall have no responsibility for any liability, loss or damage resulting from the return of any exception item to the Originator in accordance with this Section or Customer's failure to meet Bank's established deadlines, except with respect to losses caused by Bank's own lack of good faith or failure to exercise ordinary care. Bank's failure to report a discrepancy will not discharge Customer's obligation with regard to any item and shall not obligate Bank to return any item if it is otherwise authorized.

E. WIRE TRANSFER SERVICES

1. Introduction.

a. Governing Law. Bank sends outgoing and receives incoming wire transfers through Fedwire (the funds transfer system owned and operated by the Federal Reserve Banks or other provider in accordance with Section II.24.A). All funds transfers are governed by this Agreement, Subpart B of Regulation J of the Federal Reserve Board, OFAC regulations, and all other applicable international, federal, state and local laws and regulations. Customer agrees not to initiate or receive a wire transfer payment order in violation of applicable federal, state or local law.

b. Authorized Users. Customer will designate to Bank in the form required by Bank those individuals authorized to instruct Bank regarding wire transfer Services including without limitation, individuals authorized to initiate payment orders and select advice methods, confirmation methods, and any or all authorizations and instructions that may be requested by Bank. Bank may rely on any such authorization until it has been revoked in writing by Customer. Bank shall have a reasonable time to process any revocation received pursuant to this Section.

2. Routing/Time Deadlines. Bank may use any means of transmission, funds transfer system, intermediary bank, clearinghouse or route that Bank reasonably believes is suitable for each outgoing wire transfer. Bank will establish from time to time one or more deadlines after which Bank will not accept an incoming payment order to be processed on the day of receipt. Payment orders received after Bank's established deadline, during a maintenance window, or on any non-Business Day, including any Saturday, Sunday, holiday or any day that Bank's wire department is not open will be rejected. Payment orders received during a maintenance window, including the end-of-day maintenance window, will not receive a notice of rejection.

3. Payment Orders.

a. Communication. Customer may communicate a payment order to Bank by the means and manner agreed to between the parties.

b. Content of Payment Orders. Customer will supply to Bank any information Bank may reasonably request regarding any payment order initiated by Customer, including, without limitation, money amounts, affected accounts, dates of transfer, the beneficiary's name and account number, the name and routing number or bank identifier code of the beneficiary's financial institution, such additional information as Bank may reasonably request and, if necessary, further evidence of any Agent's authority to transfer funds or to do any other act contemplated by this Service. Bank strongly recommends that Customer utilize a second individual to review and approve payment orders prior to submission to Bank. Customer acknowledges that failure to use this commercially reasonable security procedure substantially increases Customer's risk of an unauthorized payment order.

c. Execution of Payment Orders. Customer authorizes Bank to execute and charge Customer's account(s) with Bank for payment orders delivered to Bank in accordance with this Agreement. Bank has no obligation to execute a payment order if Customer's account to be charged has insufficient collected and available funds to cover the order.

d. Processing Payment Orders. The order in which Bank processes wire transfer payment orders is determined solely by Bank. Customer does not have the right to reverse, adjust or revoke any payment order after it has been received by Bank, provided, however, that Bank will make a reasonable effort to act on such a request by Customer. With respect to a payment order already transmitted to the beneficiary's financial institution, Bank shall, at Customer's request, request the financial institution to return funds previously transferred. Customer understands that the receiving institution is under no legal obligation to comply with this request.

e. Rejection of Payment Orders**.** Bank may reject a payment order from Customer if such payment order is not initiated in accordance with the applicable security procedure, if there is any inconsistency between a payment order and information previously supplied to Bank, if Bank is unable to obtain confirmation of such payment order satisfactory to Bank, if there are insufficient collected funds in Customer's specified account to

fund the payment order, if Bank has a reasonable basis to suspect the payment order may be unauthorized or fraudulent, or if Bank has other reasonable grounds not to honor the payment order. Bank will notify Customer by telephone that it has rejected a payment order. Bank may also reject an incoming payment order if it has reasonable grounds to do so.

f. Standing Payment Orders. If requested by Customer and agreed to by Bank, Customer may initiate a standing payment order, which is one where the Customer pre-programs the beneficiary, the beneficiary's financial institution, and the accounts to be debited and credited and such information remains constant for subsequent payment orders. Customer shall provide Bank with the necessary information to execute the standing payment order, including, without limitation, the dollar amount to be transferred or the desired peg balance, the frequency of the order and the day of week or month when the payment order is to be executed. Customer may terminate a standing payment order at any time upon receipt by Bank of a written notice. Bank shall have a reasonable time to act on such notice.

g. Batch Wire; Direct Wire Interface.

(i) Service Specifications. If requested by Customer and agreed to by Bank, the Batch Wire service and Direct Wire Interface service allows Customer to initiate payment orders from its computer to Bank's computer, subject to the provisions of this Agreement. In addition, the Direct Wire Interface service allows Customer to receive reports of incoming wire activity. Customer will comply with the relevant interface specifications established by Bank for these services, including, without limitation, file formats, means of data transmission, or establishing a secure connection (the "Specifications"). Bank may furnish Customer with modifications to the Specifications and Customer shall implement such modifications as soon as reasonably practicable.

(ii) Wire Transfer Software, Confidentiality. Customer or its Agent shall be solely responsible for creating the computer programs to implement the Specifications ("Wire Transfer Software"). Customer shall maintain the confidentiality of the Specifications and the Wire Transfer Software and permit access solely to those responsible for supporting the Wire Transfer Software or authorized to initiate payment orders. Customer shall implement passwords and other security devices commensurate with the highest level of security afforded by Customer to other computer programs and confidential information of Customer.

4. Confirmation of Outgoing Wire Transfers.

a. Confirmation Method. Customer and Bank shall agree to the method of confirming payment orders received from Customer. Customer shall designate Authorized Users to confirm payment orders. Bank recommends a minimum of three potential Authorized Users to confirm payment orders and that Authorized Users serve as an initiator or a confirmer, but not both. Notwithstanding Bank's recommendation, if Customer permits an Authorized User to act as both initiator and confirmer, Customer hereby authorizes Bank to process a wire initiated and confirmed by such Authorized User. Customer may add, change or delete the Authorized Users in accordance with Section II.9 of this Agreement. In the event the designated Authorized Users with authority to confirm are not available to confirm a payment order, Customer agrees that Bank may, at its discretion, elect to process the payment order initiated by an Authorized User. Customer agrees to be bound by any such payment order processed by Bank.

b. Waiver of Confirmation. Bank advises Customer not to waive confirmation. If Customer, however, chooses to waive confirmation, Customer agrees to be liable for all outgoing payment orders, except those payment orders where (1) Customer is able to conclusively prove that the unauthorized transfer could not have been prevented by the use of confirmation procedures; (2) Bank is unable to produce any evidence that the unauthorized transfer could have been prevented by the use of confirmation procedures; and (3) Customer is not otherwise liable for the transfer under this Agreement or applicable law. Customer acknowledges that not using confirmation procedures substantially increases Customer's risk of liability for an unauthorized wire transfer.

c. Confirmation of Wire Transfers Initiated through SinglePoint®, Batch Wire, or Direct Wire Interface (collectively, the "Customer Initiation Methods"). Customer represents and warrants that the confirmation of payment orders initiated through any of the Customer Initiation Methods shall be verified, initiated and confirmed by Customer prior to receipt by Bank. All payment orders shall be initiated and confirmed in accordance with the security procedures established for the relevant Customer Initiation Method.

5. Advices.

a. Advice Method. Customer will select the type of advice it wishes to receive after Bank receives an incoming wire transfer. If Customer selects telephonic advices, Customer may designate person(s) to be contacted and telephone numbers to be used for advice purposes. Bank shall not be required to make more than one attempt to reach Customer's designated location by telephone. If Bank is able to reach the Customer's designated location, but not Customer's designated Agent, Bank may leave a message containing the information to be conveyed.

b. Advices by Facsimile. If Customer selects advices by facsimile ("fax"), Customer shall exercise extreme care in maintaining its own security in the receipt of fax advices. Customer acknowledges that the information to be received by fax may include confidential information, including, without limitation, names, amounts, phone numbers, originating account information and the text of incoming wires. Customer further acknowledges that it alone assumes full responsibility for maintenance of its internal security procedures to keep such information confidential. Customer agrees to indemnify, defend and hold Bank harmless against any and all claims, demands, expenses, liabilities and damages, including attorney fees at trial and on any appeal or petition for review, incurred by Bank arising directly or indirectly from the transmission by fax of an incoming wire transfer advice.

c. Waiver of Advice. Customer may waive its right under the Uniform Commercial Code to receive advices by so indicating on the applicable Implementation Documents.

6. International Wire Transfers.

a. General. Wire Transfers across country borders are customarily done by Bank through a correspondent bank. Outgoing U.S. dollar payment orders may be converted by the correspondent bank or beneficiary bank to the local beneficiary's currency at the applicable rate in effect at any point in the processing chain. Though in some cases Bank may receive compensation from the correspondent bank in accordance with such conversion, the conversion is executed by the correspondent bank in accordance with the policies and procedures of such correspondent bank at an exchange rate set by that correspondent bank in its sole discretion and subject to any applicable regulations. Any fee, commission or charges assessed by Bank, the correspondent bank, any subsequent intermediary bank, or the beneficiary bank may be passed on to the Customer or deducted from the wire transfer amount. Bank assumes no liability for delays, non-delivery, market risk or other events resulting from causes beyond Bank's control. In refunding unexecuted payment orders, Bank shall be liable to Customer only to the extent it receives payment from the correspondent bank processing the transfer. Cancellation or rejection of a transfer involving non-U.S. dollar currency is subject to any rate exchange loss as determined by Bank. Customer agrees to sell any canceled or rejected payment order to Bank at the then-current applicable foreign currency buy rate.

b. Remittance Transfer Provider. If Customer is at any time classified as a Remittance Transfer Provider under Regulation E, Customer represents, warrants and agrees that:

(i) Customer shall be responsible for performing and complying with the requirements of 12 CFR Part 1005, including, but not limited to, providing disclosures to the consumer (sender), the error resolution procedures, the provision of any remedies to the consumer, and the cancellation and refund of remittance transfers;

(ii) Bank is acting as an agent and not as a Remittance Transfer Provider when performing activities on behalf of Customer; and

(iii) Even if Bank is deemed a Remittance Transfer Provider under applicable law, Customer shall take all actions necessary to comply with the obligations of a Remittance Transfer Provider.

Customer agrees to indemnify and hold Bank harmless from and against any and all loss, liability, damage, costs and expenses (including attorneys' fees) that Bank may sustain in reliance on Customer's representations and warranties set forth in this Agreement.

7. Reverse Wire Transfers.

a. Authorized Debits. If requested by Customer and agreed to by Bank, Customer authorizes Bank to debit Customer's account(s) with Bank upon receipt of a Fedwire drawdown request, and to send funds to the requesting bank. Each transfer will be done on the Business Day Bank receives the incoming request from the requesting bank if the request is received within a reasonable time to determine whether Customer's Account has sufficient available funds and to obtain access to the Federal Reserve network prior to the close of business.

b. Reverse Wire Funding. Customer acknowledges and agrees that Bank may reject any reverse wire request in excess of the collected and available balance. Requesting bank will be notified if the request is rejected by Bank.

c. Wire Transfer Numbers. Customer's obligation to pay Bank the amount of the funds transfer in the event that the Fedwire message does not identify the same account or financial institution is not excused in such circumstances. When names and numbers are inconsistent, the numbers shall control. With respect to incoming wire transfers that do not indicate an account number recognizable to Bank, Bank may return the wire transfer to the sending financial institution without incurring any liability. Customer does not have the right to reverse, adjust or revoke any Fedwire message after it is received by Bank; however, Bank will use reasonable efforts to act on such a request by Customer to reverse, adjust or revoke such message before Bank has sent the outgoing wire transfer. With respect to an outgoing wire transfer already transmitted by Bank, Bank shall, at Customer's request, request the receiving financial institution to return funds previously transferred. Customer understands and agrees that the receiving financial institution may or may not comply with any such request.

d. Authorizations. Customer's authorization for reverse wire requests shall remain in effect until Customer gives written notice to Bank. Bank will have a reasonable time to act on any written notice received from Customer.

e. Limitation on Bank's Liability. In consideration of Bank's compliance with this authorization, Customer agrees that Bank's treatment of any authorized debit, and Bank's rights with respect to it, shall be the same as if the entry were initiated personally by Customer. Bank shall have no liability if any authorized debit is dishonored.

8. Additional Limits on Bank's Liability. Bank is responsible only for performing the Services described in this Section. Bank shall not be responsible for the acts or omission of Customer, any Federal Reserve Bank or other financial institution, any transmission or communication or any other person, and no such person shall be deemed to be Bank's agent under this Agreement.

F. DATA TRANSLATION SERVICES

1. Introduction. Bank may provide electronic data integration, custom formatting, or data translation ("Data Translation Services") to electronically streamline the exchange of payments, remittance and other information between Customer and Bank and between Customer and its trading partners. If requested by Customer and agreed to by Bank, Bank will provide Data Translation Services in accordance with this Agreement and other procedures provided to the Customer. Customer agrees that Data Translation Services shall be governed by this Section and all other relevant sections of this Agreement.

2. Scope of Services. Data Translation Services may be used by Customer to initiate and receive payments using multiple payment channels or networks, which may include, but are not limited to, checks, wire transfers, ACH, virtual card, SWIFT, Real-Time Payments (RTP), Zelle, Visa or Mastercard, and to provide and receive business communications such as remittance data, payment data, invoices, confirmations, orders, or other information in Customer's preferred format. In order to obtain Data Translation Services, Customer must maintain an analyzed demand deposit account with Bank.

3. Entry Origination/Processing Dates/Deadlines. Customer may from time to time deliver to Bank requests to format information for payments and/or other data translation via the agreed upon means (collectively, "Data Translation Request(s)"). All Data Translation Requests shall conform to the content, format, deadlines and other specifications that may be established by Bank or a third-party software program approved by Bank for use with the Service. Bank may establish different deadlines for Data Translation Requests depending on the method of delivery employed by Customer and all such deadlines are subject to change. Bank must receive Customer's Data Translation Requests at or prior to the deadline established for processing on the Business Day of receipt. Data Translation Requests received after the deadline will be processed on the next Business Day. Customer will be notified if a Data Translation Request is rejected in accordance with procedures established by Bank. Customer represents and warrants that all information in each Data Translation Request delivered to Bank by Customer shall be accurate, timely, authorized and will otherwise comply with all applicable laws, rules and regulations.

4. Content and Transmission of Information. Data Translation Requests are only designed to respond to information provided by Customer. Accordingly, any inaccuracy in any information provided by Customer may result in unintended processing by Bank. Bank bears no responsibility for detecting or reporting any error in data supplied by Customer and shall not be liable to Customer for any information provided by Customer with respect to a Data Translation Request which is inaccurate, incomplete, duplicative or otherwise incorrect. Customer shall retain data on file adequate to permit Customer to remake each request for at least ten (10) Business Days following the date a file is sent to Bank and shall provide such data to Bank on request. Customer acknowledges that Bank has no obligation to maintain back-up copies of requests or other information delivered by Customer to Bank. Customer acknowledges that Data Translation Services may involve the transmission of confidential consumer information that may be subject to privacy laws and regulations, including breach notification regulations. Customer agrees to notify Bank if Customer sends or receives protected health information as part of Data Translation Services. If Customer is the recipient of misdirected information, Customer shall immediately notify Bank and return the information to Bank. Customer agrees not to retain, use, copy, distribute or otherwise disclose the information in any manner.

5. Payment Requests. Customer agrees that its requests to initiate payments utilizing Data Translation Services shall be governed by this Section, the sections of this Agreement governing the applicable payment mechanism, and all other applicable laws, rules and regulations governing the relevant payment mechanism. Customer authorizes Bank to execute all electronic and check payment requests ("Payment Requests"), and settle to the Customer's account all Payment Requests, delivered to Bank in compliance with the terms of this Agreement, including the security procedures. Customer is solely responsible for initiating the Payment Requests sufficiently in advance to meet Customer's contractual obligations to its vendors and/or its customers. Bank shall not be responsible for any late payment or finance charges that may result from Customer's failure to allow sufficient lead-time.

a. Electronic Payment Requests. Depending on the scope of the Data Translation Services solution offered by Bank, Customer may from time to time request that Bank initiate electronic payments using the ACH, card, SWIFT and Zelle networks, The Clearing House system, the wire transfer system or other electronic funds transfer system ("Electronic Payment Requests"). Except as may be provided elsewhere, Customer may not amend or revoke Electronic Payment Requests after they have been received by Bank. Customer acknowledges that the rules of NACHA and other electronic funds transfer systems may make any credit provisional until the financial institution crediting the account of the beneficiary specified in an Electronic Payment Request receives final settlement and that if the financial institution does not receive final settlement, it is entitled to a refund and Customer shall be deemed not to have paid the beneficiary. Electronic Payment Requests with settlement dates of more than thirty (30) calendar days from receipt will not be processed unless prior arrangements have been made. Customer authorizes Bank to use whatever means Bank, in good faith, deems reasonable under the circumstances to execute each Electronic Payment Request, including selection of a funds transfer system, routing and means of transmission.

b. Check Payment Requests. Customer may from time to time request that Bank print checks and related remittance information ("Check Payment Request(s)") and issue and distribute such checks and information. Customer shall designate the account(s) from which Bank is to make payment ("Payment Account") and shall maintain a sufficient balance in the Payment Account to fund its Check Payment Requests. To mitigate against fraud, Bank requires that Customer utilize Bank's Positive Pay Services in conjunction with the Payment Account. Customer agrees that checks drawn in a manner consistent with a Check Payment Request shall be duly authorized to the same extent as a check drawn and signed by Customer and is properly payable by Bank. Customer authorizes Bank to deduct the Payment Account in the amount of the Check Payment Request. If there are insufficient funds in the Payment Account to make a Check Payment Request, Bank may in its sole discretion either refuse to make the payment or make the payment and overdraw the Payment Account. In either event, Customer shall incur fees as disclosed by Bank in the account agreement and related fee schedules and other disclosures. Customer has no right to reverse, adjust or revoke any Check Payment Request after it has been received by Bank. Bank will, however, make reasonable efforts to act on such a request by Customer. If Check Payment Requests relate to printing checks drawn on another financial institution's account ("Off-Us Checks"), Customer acknowledges that Bank shall not be liable for any fraudulent or unauthorized activity that may arise from the use of such Off-Us Checks. If Check Payment Requests relate to printing payroll checks, Customer acknowledges that Bank shall only print payroll checks and shall not be responsible for any other aspect of payroll processing, including, but not limited to, producing IRS Form W-2s, 1099s or other payroll-related tax documents. In addition, Customer represents and warrants that it shall not include any social security numbers in the Check Payment Requests for payroll checks and agrees to indemnify and hold Bank harmless if the checks or check stubs are printed with social security numbers.

6. Security Procedures. Customer shall comply with all security procedures established by Bank for Data Translation Services. Customer agrees that all Data Translation Requests that involve the exchange or transmission of banking information shall only use secure transmission options supported by Bank. For some Services, such as ACH, Customer and Bank may establish alternative, comparable security procedures for accessing such Services when Data Translation Services are utilized. Customer is solely responsible for maintaining its own internal security procedures to prevent errors or unauthorized access to Customer's computer systems by unauthorized employees, vendors or customers. Bank has no responsibility for the security procedures employed by Customer's trading partners.

7. File Confirmation Procedures. Customer shall at all times comply with the applicable file confirmation procedures established by Bank. File confirmation procedures utilizing Data Translation Services are solely for the purpose of verifying Bank's receipt of the Payment Requests but not for identifying errors in transmission or content.

a. Control Totals. Control Totals are an elective option that allows Customer to confirm file totals of Payment Requests transmitted to Bank. If the Control Totals option is selected by Customer, Customer shall call Bank's Audio Response Unit ("ARU") or send a data file to Bank providing the total items and dollar value of the Payment Requests and any other necessary information ("Control Totals"). After Bank receives Customer's Payment Requests, Bank will compare the Payment Requests to the Control Totals. If the Control Totals match the Payment Requests, Bank will process the Payment Requests. Bank will not process the Payment Requests if Bank does not receive conforming Control Totals on or before the established delivery deadline. Bank will notify Customer if the Control Totals do not match the Payment Requests, or if Bank receives Payment Requests without receiving Control Totals or vice versa.

If the Control Totals option is not selected by Customer, upon Bank's receipt of Customer's electronic payments via a data file, Bank shall send an acknowledgement to Customer confirming receipt and acceptance of Customer's Payment Requests. If Customer identifies errors in the content or transmission of Customer's Payment Requests, or if Customer does not receive an acknowledgement from Bank, Customer agrees to notify Bank immediately. Depending on the payment deadlines, Bank may be able to delete or reverse processing of Payment Requests.

b. Payables File Manager. Payables File Manager is an elective Service that allows Customer to confirm that Bank has received Customer's files. Using SinglePoint® or other applications or systems as may be introduced by Bank, Customer may view the status of Data Translation files sent by Customer to Bank. If Customer selects this Service, Customer agrees to promptly and regularly review the status of all files displayed in the Payables File Manager and to notify Bank immediately if any files sent by Customer were not received by Bank. Depending on the payment deadlines, Bank may be able to delete or reverse processing of Payment Requests. Customer bears sole responsibility for any inaccurate or incomplete information sent to Bank if Customer fails to notify Bank prior to Bank's processing of Customer's files.

8. Supplier Prefer Pay. If selected by Customer and agreed to by Bank, the Supplier Prefer Pay Service provides an electronic payment enrollment and storage solution, which also allows use of the stored data for payment origination.

Customer's suppliers or trading partners ("Suppliers") may elect to enroll in a program to receive payment from Customer via ACH or alternative payment methods that may include, but are not limited to, virtual cards (account without the issuance of a physical credit card) and checks. As part of this Service, Bank will: (i) provide online enrollment for Suppliers to register to receive payment from Customer, including the option for Supplier to provide a preferred email address to receive remittance information; (ii) contact Suppliers (with contact information provided solely by Customer) via telephone, email or regular mail to describe the supplier enrollment service and solicit their participation; (iii) support Supplier enrollment; and (iv) at Customer's election, securely store Supplier's banking information. Customer will designate one or more System Administrator(s) responsible for establishing internal security procedures, including, without limitation, setting up and maintaining access to the Service. Customer shall be solely responsible for conducting the necessary due diligence to vet Customer's Suppliers and to ensure that only legitimate Suppliers of Customer enroll in the Service. Bank recommends that Customer establish and utilize robust security procedures in accordance with the guidelines provided by Bank in the Implementation Documents. If Customer declines Bank's recommendation, Customer agrees it will be precluded from asserting any claims against Bank for unauthorized payments, except with respect to claims caused by Bank's own lack of good faith or failure to exercise ordinary care.

Customer acknowledges and agrees that use of the Service may be affected by external factors beyond Bank's control. Interruption of the Service or performance hereunder for any reason shall not relieve Customer of its obligation to make timely payment to Suppliers, and Bank shall not incur any liability to Customer for Customer's failure to timely make any such payment to Suppliers. Customer agrees to indemnify, defend and hold Bank harmless from and against any and all claims, demands, expenses, losses, liabilities, and damages, including reasonable attorney fees and court costs at trial or on appeal that arise directly or indirectly out of any payments made by Customer using the enrollment information furnished by Customer, Suppliers or any other party on behalf of Supplier.

G. CASH VAULT SERVICES

1. Introduction. The Terms "cash", "coin" and "currency" as used herein shall refer to coin and currency of the United States and certain foreign currencies accepted by Bank.

2. Foreign currency. Customer shall not deposit any foreign currency unless Customer has obtained Bank's prior approval. Bank reserves the right, in its sole discretion, to impose restrictions on, or discontinue acceptance of, foreign currency deposits. Section IV.G.5 below does not apply to foreign currency processing. Foreign coin shall not be accepted for deposit by Bank under any circumstances.

3. Account. All deposits of coin, currency and checks will be credited to, and all withdrawals of coin, currency and checks will be debited against, Customer's deposit account at Bank (the "Account") which Customer has designated as being covered by the Services described herein. Customer agrees that it shall not deposit any items, instructions or objects other than coin, currency and checks as outlined in this Agreement and agrees to assume any and all risk of loss associated with tendering items not specified herein.

4. Deposits.

a. Customer shall supply and maintain tamper-evident disposable plastic bags used for deposits. Plastic bags shall be sealed according to manufacturers' instructions and addressed to the appropriate secured facility specified by Bank. Customer will prepare deposits as follows: (i) currency will be batched separately from checks with each currency and check batch accompanied by a deposit ticket fully completed by Customer; (ii) currency will be banded with 100 notes of the same denomination whenever possible; (iii) deposits will be delivered by Customer's approved carrier to the secured facility specified by Bank; and (iv) to receive same-day credit, deposits must be made prior to the daily deadline established by Bank from time to time, and any deposits received by Bank after its deadline may be considered to have been received on the next Business Day. Foreign currency deposits do not qualify for same-day credit and are subject to Bank's prevailing exchange rates.

b. Bank will process Customer's deposits as follows: (i) deposits will be receipted and conditional (subject to verification) credit assigned based on the amount identified on the deposit ticket; (ii) deposit tickets that are missing, blank or do not contain legible "declared balances" are subject to delayed ledger credit of one Business Day; and (iii) coins and currency will be counted and Bank's count will be the valid and controlling count.

c. For U.S. currency, if there is a coin and currency variance of more than USD 10 from the declared balance on Customer's deposit ticket, Bank shall adjust Customer's coin and currency deposits through a separate debit or credit to Customer's account. Any such adjustment shall not be reflected on Customer's deposit ticket. Deposit tickets containing a declared total that includes check deposits may require a separate and additional adjustment for any variances to Customer's check deposits. If there is a coin and currency variance of USD 10 or less from the declared balance on Customer's deposit ticket, Bank shall not make any adjustment to Customer's currency and coin deposits and shall credit Customer's account based on Customer's declared balance. Upon request, Bank will provide Customer with any available information that may assist Customer in reconciliation of the difference.

d. Deposited items are deemed received on the day of delivery if Bank receives the deposit prior to Bank's established deadlines. Deposits will be processed in accordance with normal Bank procedure and any applicable availability schedules. All deposits made by Customer shall be subject to verification and adjustment by Bank. Bank's verification shall be deemed correct and binding upon Customer for all purposes, absent manifest error.

e. If Customer chooses to pre-encode its checks or other items for deposit, Customer agrees to comply with the pre-encoded deposit procedures and specifications as may be established and revised by Bank. Customer shall be responsible for any of its encoding errors. Bank may treat certain deposits as unencoded deposits if there is an unacceptable rate of encoding errors.

5. Withdrawals.

a. Bank may provide Customer with U.S. currency and coin in designated denominations from time to time as requested by Customer through the Bank's automated ordering system ("Cash Orders"). Customer must comply with all of Bank's policies and procedures regarding the placement and delivery of Cash Orders, including, without limitation, the maintenance of a designated password. Customer shall be responsible for maintaining the confidentiality of Customer's password and restricting access to the system to authorized Agents. All Cash Orders will be charged to the account designated by Customer and must be picked up by Customer's Agent or sent by registered mail to a street address. Only approved carriers may pick up Cash Orders directly from a cash vault operated by Bank. Bank may release any Cash Order to any individual that Bank reasonably believes to be Customer's Agent. Customer shall be responsible for any Cash Order after receipt thereof by the Agent. Bank may specify a daily Cash Order limit and Customer agrees that it will not initiate a Cash Order in excess of the designated limit. In no event shall Customer initiate a Cash Order in excess of the immediately available funds in the designated account.

b. Customer may order currency and coin from Bank as follows:

- **(i)** The preferred order for currency is in standard full strap (100 banknotes) quantities only.
- **(ii)** Coin may be ordered in standard full box units (50 rolls), individual rolls or loose standard bags only.
- **(iii)** A charge for the face value of the monies ordered will be made to the Account on the day the order is processed by Bank.
- **(iv)** Orders for coin and currency must be placed no later than the deadline established by Bank from time to time for release to Customer's Agent on the same or next Business Day. Depending on Customer's location, select cash vault sites may require a multiple-day lead time or more for coin and currency orders.
- **(v)** Bank must be notified of any discrepancies pertaining to coin or currency orders within two Business Days of receipt by Customer of such coin or currency. Customer must return documentation to back-up outages such as plastic change order bag, currency strap, coin wrapper and/or box.

6. Processing. Bank will provide processing on all Business Days. Cash Vault Services using third-party applications with time-stamp data are for informational purposes only and may not reflect actual timing of receipt, posting or verification of Customer's deposits by Bank. Bank shall not be liable for any inaccurate or incomplete information with respect to such time-stamp data provided to Customer.

7. Carrier Service. Any carrier service utilized to deliver or obtain coin, currency or other property to or from Bank, including, without limitation, a common carrier, will act as the agent of Customer and not of Bank. Customer and carrier shall agree upon the pickup and delivery days and times. Customer will bear the entire risk of loss of coins, currency, checks or other property of Customer when in the custody or control of Customer's carrier service.

8. Cash Shipping Solution. If this Service is selected by Customer and agreed to by Bank, Bank may rent a caller box at the United States Postal Service (USPS) post office and, on Customer's behalf, engage an armored carrier, each of which. shall be deemed Customer's Agent, to retrieve Customer's deposits from the caller box for delivery to Bank and to deliver Customer's coin and currency orders to the USPS. Customer agrees to implement and properly use any and all security procedures prescribed or recommended by USPS and Bank and agrees to hold Bank harmless from any claims or losses arising from Customer's failure to implement and properly use any such prescribed or recommended security procedures. Bank recommends that Customer limits its deposits and orders to $2500 per mailer, but regardless Customer bears the entire risk of loss of coins, currency, checks or other property of Customer until received at, or upon pick up from, Bank's cash vault. Customer shall be solely responsible for any investigation of a loss suffered prior to delivery to, or after pickup from, Bank's cash vault and Bank shall have no obligation to participate in such investigation.

9. Representations. Customer represents and warrants to Bank that (a) all funds deposited with Bank will be the proceeds of, and all funds ordered and withdrawn from Bank will be intended for use in, Customer's lawful activities and (b) all of Customer's transactions hereunder will be conducted solely on Customer's behalf and not on behalf of any other person or entity.

10. Regulatory Compliance. Upon request, Customer shall immediately provide Bank with any information and shall otherwise cooperate with Bank in every way necessary in order to enable Bank to fulfill its obligations with respect to the reporting of transactions in coin and currency or any other regulatory requirement.

11. Use of and Access to Cash Vault Services. Customer acknowledges and agrees that Cash Vault Services are to be used exclusively for its benefit and, absent prior written approval by Bank, Customer will not permit third parties, including non-Customers or other Agents of Customer (excluding approved carriers or agents making cash deposits into a Customer's account at Bank and agents ordering cash on behalf of a Customer), from accessing or otherwise using any Cash Vault Services offered by Bank.

H. U.S. BANK EASYTAX℠ SERVICES

1. Authorization; Enrollment. If the EasyTax Service is requested by Customer and agreed to by Bank, Bank will electronically enroll Customer in the Electronic Federal Tax Payment System (EFTPS) if Customer desires to make federal tax payments via EFTPS. Electronic enrollment will allow Bank to process Customer's tax payments in compliance with EFTPS through Bank's tax payment system only. If Customer chooses to pay federal taxes by any other means, payments may not be EFTPS compliant. Customer understands that Bank's EFTPS enrollment form 8655 does not replace the EFTPS form 9779, which is sent to mandated companies by the Internal Revenue Service. Customer may also use the EasyTax Service to make state and/or local municipality tax payments in jurisdictions that support such payments. Customer agrees that the EasyTax Service shall be governed by this Section and all other relevant sections of this Agreement.

2. Submission of Information. Customer shall furnish Bank with complete and accurate master file information which shall enable Bank to file tax deposits via ACH with the appropriate tax authorities in a timely manner. The Service provided by Bank hereunder shall be based solely upon the information furnished by Customer to Bank. Accordingly, any inaccuracy in any information provided by Customer may result in unintended processing by Bank. Customer bears sole and exclusive responsibility to verify that the information provided to Bank is complete and accurate. Bank bears no responsibility for detecting or reporting any error in data supplied by Customer and shall not be liable to Customer for any information provided by Customer with respect to information that is inaccurate, incomplete or otherwise incorrect. The Service provided hereunder does not relieve Customer of any duty imposed on Customer by law to maintain records or from verifying and, if necessary, immediately correcting in writing all data received from Bank relating to the Service. Customer agrees to be bound by any instructions, whether or not authorized, issued in its name and accepted by Bank in accordance with the agreed procedures. Customer shall indemnify and hold Bank harmless from and against all liability, loss and damage (including attorneys' fees and other costs incurred in connection therewith) arising out of the use of information provided by Customer.

3. Requests for Payment. Requests for payment to tax authorities must be made in accordance with instructions which Bank shall provide Customer, which may be amended by Bank from time to time at its discretion, and will be considered complete only if actually received by Bank. All tax deposits must be initiated at least one Business Day in advance of the due date, otherwise deposits may be subject to federal or state penalties. Any request by Customer to make tax deposits hereunder shall be submitted to Bank prior to the daily cut-off time established by Bank from time to time. Any such request received by Bank after its daily cut-off time may be processed on the next Business Day. In the event that an ACH Entry is rejected or returned by an ACH processor for any reason whatsoever, Bank will give Customer notice of any rejected or returned ACH Entry in the usual manner agreed to by the parties. Bank shall have no liability for any delay caused by strikes, telephone failure, equipment or electrical failure, or any other condition beyond the reasonable control of Bank.

4. Receipt of Funds. Funds received by Bank from Customer shall be held as a deposit liability of Bank to Customer until such time as such funds are due and paid to the appropriate tax authorities. Customer is not entitled to interest on such funds and Bank may invest such funds solely for Bank's benefit.

5. Account. Customer shall maintain with Bank a commercial demand deposit account in which Customer shall maintain immediately available funds in an amount sufficient to cover all tax deposits and fees charged by Bank for the Service hereunder. Failure by Customer to maintain such funds shall relieve Bank from providing such Service, notwithstanding any request by Customer to provide the Service.

6. Liability. Bank shall not be liable for any penalties assessed by reason of failure of Customer to make any tax payments. Interruption of the Service or performance hereunder for any reason shall not relieve Customer of its obligation to make any required tax deposits, and Bank shall not incur any liability to Customer for Customer's failure to make any such deposit. If Customer elects to make a tax deposit by any means

other than through Bank, Bank shall not be liable for any penalties or interest arising from any error in due date or other calculations for deposits made within the period in which such other deposit was made. Bank may choose to provide its EasyTax Service through a third-party vendor. Bank and its third-party vendor's liability to Customer is limited to correcting any error made by the Bank or third-party vendor. The sole and exclusive remedy, at law or in equity, against Bank or third-party vendor is limited to money damages in an amount not to exceed the total amount paid to Bank for EasyTax fees during the twelve (12) months preceding the event giving rise to the liability. Neither Bank nor third-party vendor will be liable for special, incidental, indirect, punitive or consequential damages. Customer acknowledges that the EasyTax Service would not be available or would be available at substantially increased rates without the liability and remedy limitations set forth in this Agreement.

7. Codes. Customer shall keep confidential the access and PIN codes issued to Customer in connection with the Service, and only Customer shall use such codes. If Customer suspects that any such codes have become known or otherwise accessed by unauthorized persons, Customer shall notify Bank immediately and follow up such notice with written confirmation. The occurrence of unauthorized access will not affect any deposits made in good faith by Bank before Bank has received such notification and had a reasonable time to act to prevent any unauthorized deposits.

I. PAPER-BASED DISBURSEMENT SERVICES

1. Controlled Disbursement.

a. Disbursement Account. If requested by Customer and agreed to by Bank, Customer will open and maintain a demand deposit account ("Disbursement Account") and a primary funding account ("Funding Account") at Bank. The disbursing bank may be a financial institution that is a subsidiary or affiliate of Bank or Bank itself. Customer agrees to use Bank's Positive Pay Services in conjunction with the use of Disbursement Account(s). Should Customer decline to use Bank's Positive Pay Services in conjunction with the use of Disbursement Account(s), Customer agrees that, except with respect to liability, loss or damage caused by Bank's own lack of good faith or failure to exercise ordinary care, it will be precluded from asserting any claims against Bank for paying any unauthorized, altered, counterfeit or other fraudulent item that Bank's Positive Pay Service was designed to detect or deter. Bank also reserves the right to require Customer to execute a separate indemnity agreement related to its use of Disbursement Account(s). Customer hereby authorizes and directs Bank to act on its behalf and as its agent, as Bank in its sole discretion deems necessary or advisable, in performing any of the Controlled Disbursement Services and related Services.

b. Funding Procedures. On each Business Day, Bank shall electronically provide Customer with a report of the total aggregate amount of all presented disbursement checks and ACH transactions posted in the early morning ACH window, net of the prior day adjustment and other charges to the Disbursement Account (the "Total Clearings"). Customer agrees to maintain sufficient collected balances in the Funding Account by the established deadline to fund the Total Clearings. Bank is hereby authorized to debit the Funding Account in an amount equal to the actual or estimated Total Clearings and to transfer funds in said amount for credit to the Disbursement Account. Bank reserves the right to convert the Disbursement Account into a standard prepaid checking account at any time upon notice to Customer.

c. Adjustments. Bank will compare the report of electronic presentments to the checks presented against the Disbursement Account. If the total dollar amount of checks electronically reported is less than the total dollar amount of checks presented, Bank will credit the Disbursement Account for the difference. Bank will add this difference to Customer's Total Clearings the next Business Day.

d. Daily Dollar Limit. A daily dollar limit (the "Dollar Limit") may be established from time to time by Bank with respect to the Disbursement Account in Bank's sole discretion. Bank shall have no obligation to pay disbursement checks and ACH transactions (collectively, "Disbursement Items") in excess of the Dollar Limit. Bank may, at any time, either verbally or in writing (but shall not be deemed obligated to) notify Customer of any change made by Bank in the Dollar Limit. Establishment of the Dollar Limit should not be interpreted or construed by Customer as any commitment or agreement by Bank to provide any credit or loans to Customer, nor as an agreement or commitment to debit the Funding Account when doing so would create a negative balance therein.

e. Special Circumstances. Customer acknowledges that Bank, under some circumstances beyond its control, may at times be unable to provide a report of the total amount of its Total Clearings early enough for Customer to make a complete and acceptable funding of the accounts. Customer nevertheless agrees to fund the Funding Account completely by using an estimate of the Total Clearings.

f. Action Affecting Accounts. Should Bank receive any process, summons, order, injunction, execution, levy, lien, garnishment, or adverse claim notice (either by a governmental authority or third party) (hereinafter referred to as "Process"), which Bank reasonably believes will adversely affect the Funding Account or the Disbursement Account, Bank may, at its option and without liability, refuse to honor orders to pay or withdraw sums from any Disbursement Account and may either hold the Funding Account balance herein until such Process is disposed of to the satisfaction of Bank or pay the balance over to the source of the Process in accordance with applicable law.

g. Return of Disbursement Items Unpaid. Bank reserves the right, in Bank's sole discretion, to return unpaid any or all Disbursement Items presented for payment against the Disbursement Account in the event that:

(i) there are insufficient collected and available balances on deposit in the Funding Account by the established deadline to fund the Total Clearings;

(ii) debits cannot be posted because the Disbursement Account or Funding Account is frozen, blocked, closed or because of any other condition; or

(iii) any communications failure or other condition prevents Bank from monitoring Customer's Dollar Limit and/or the Disbursement Items presented for payment.

h. Stop Payment Orders. Customer may issue stop payment orders on Disbursement Items drawn on the Disbursement Account in accordance with Bank's procedures.

2. Warrant Services.

a. Warrant Account. If requested by Customer and agreed to by Bank, Customer shall open and maintain a demand deposit account upon which warrants shall be drawn and will be charged (the "Warrant Account"). Customer shall maintain on deposit sufficient collected and available balances to cover items drawn on the Warrant Account.

b. Warrant Format. All warrants shall contain on the face of the item the words "warrant" and "payable through U.S. Bank." Customer will also encode all warrants in accordance with Bank specifications. Customer agrees to immediately make any changes to the format of the warrants or encoding when requested to do so by Bank and will be solely responsible for its failure or refusal to comply with Bank's specifications. Any warrant drawn by Customer on the Warrant Account shall be treated by Bank as a warrant regardless of what appears on the face of the warrant and Customer shall hold Bank harmless as a result of so handling any such item.

c. Presentment and Return. Bank shall make warrants presented to Bank available to Customer via electronic presentment. Bank shall notify Customer by electronic means of the account number, warrant number and dollar amount of all presented warrants and provide Customer with a front and back image of each warrant received by Bank. Bank's delivery of the images shall constitute an electronic presentment under the Uniform Commercial Code, Federal Regulation CC and other applicable laws. Warrant Services are additionally subject to the Reverse Positive Pay terms contained elsewhere in this Agreement. Customer shall notify Bank of each warrant that should be returned in the form agreed to by Bank and Customer. If Customer does not specifically decline payment of a warrant by the deadline established by Bank, such warrant will be finally paid by Bank. Customer acknowledges that warrants payable through Bank are considered to be drawn on Bank for purposes of the expeditious return and notice-of-nonpayment requirements of subpart C of Regulation CC of the Federal Reserve Board. If Bank agrees to return a warrant following Bank's deadline, Customer agrees to be responsible for Bank's failure to return the warrant in an expeditious manner as prescribed in Regulation CC. Bank shall be deemed to have made timely presentment to Customer with respect to any warrants that Bank receives at a time when it is prevented from making presentment to Customer as a result of any force majeure event illustrated in Section II.22.

d. Examination of Warrants. Bank shall have no responsibility to examine warrants prior to presentment to Customer for its payment decision. Bank will take ordinary care to see that the amount of each warrant as drawn is accurately posted to Customer's account. Bank will not make any attempt to verify signatures, endorsements or restrictive clauses on warrants. Bank will not examine the dates on which warrants have been drawn for undated, stale or post-dated items. Bank shall have no responsibility for any liability, loss or damage resulting from (i) a payment in accordance with this Section of any warrant that is altered or unsigned or that bears the forged or unauthorized signature of Customer or (ii) return of any check to the depository bank in accordance with this Section.

e. Encashment of Warrants. Unless otherwise instructed by Customer, Bank is authorized to pay warrants issued by Customer that are presented for encashment by payees. Bank will not be liable for the encashment of any warrant which contains, or is purported to contain, a forged signature of a maker or endorser, or any other unauthorized modification, as long as Bank exercises ordinary care in cashing the warrant.

J. POSITIVE PAY SERVICES

1. Introduction. Positive Pay Services are offered by Bank as the most effective way to minimize loss from fraudulent check issuance or payment. If Positive Pay Services are requested by Customer and agreed to by Bank, Customer and Bank agree that in the event of an inconsistency between this Agreement and applicable law, the provisions of this Agreement shall prevail to the extent permitted. Nothing in this Agreement is intended to limit Bank's right to return an item unpaid if there are insufficient available funds in the designated account.

2. Format Specifications. Customer shall comply at all times with Bank's format and data transmission standards for the Positive Pay Service. Customer agrees to issue checks, warrants, drafts or other items (collectively, "Items") in accordance with Bank's specifications and will change the Item format when requested to do so by Bank. Bank shall not be responsible for correcting or resolving processing problems caused by substandard quality magnetic encoding.

3. Positive Pay.

a. Customer Responsibilities. Customer shall designate to Bank all account(s) that are to be used with the Positive Pay Service ("Positive Pay Account(s)"). Customer will provide Bank with a file of all outstanding Items prior to activation of this Service. On each day that an Item is written against the Positive Pay Account, Customer shall supply Bank with all required Item issue information prior to the deadline established by Bank. Such information shall include, without limitation, the account number, the issue date, the Item number and the dollar amount. Customer shall be responsible for the accuracy and completeness of all information provided to Bank. Customer agrees to review all Positive Pay Exception Items (as defined below) each Business Day.

b. Bank's Responsibilities. In reliance on the information provided by Customer, Bank shall create a master issue file for each designated Positive Pay Account ("Issue File"). If ARP File Confirmation Service is selected by Customer, Bank shall process the Issue File and provide a confirmation to Customer that the Issue File was received and processed. Excluding valid stop payment orders and issue records voided by Customer request, all Items, including those that have been electronically converted, that match by Item number and dollar amount to Bank's Issue File will be deemed properly payable and Bank is authorized to pay all such Items.

c. Positive Pay Exceptions**.** Each Business Day, Bank shall make reasonable efforts to report to Customer any Item that does not match the Issue File (each, a "Positive Pay Exception") and, if requested and available, provide the front and back images of those Items for that day's presentment; provided, however, no images shall be provided in the case of electronically converted Items. Customer agrees to review and make payment decisions on the Positive Pay Exception Items prior to Bank's established deadline each Business Day. If Customer selects the Positive Pay Same Day service for controlled disbursement accounts, Customer shall receive and may make payment decisions on Positive Pay Exception Items prior to the Items posting to the controlled disbursement accounts or defer payment decisions until the established deadline on the next Business Day. As the most effective fraud-protection setup, "return all" shall be the initial default setup for all Positive Pay Exception Items. Under the "return all" setup, Bank is authorized to return any Positive Pay Exception Item unless Customer instructs Bank to pay a Positive Pay Exception Item prior to the established deadline. As an alternative to the "return all" setup, Customer may select "pay all" as its default setup for Positive Pay Exception Items, in which case Bank is authorized to finally pay any Positive Pay Exception Item unless Customer has instructed Bank to return the Positive Pay Exception Item prior to the established deadline. If Customer selects "pay all" as its default setup, Customer agrees to execute any further documentation required by Bank. Customer shall indemnify and hold Bank harmless from and against any and all claims, demands, damages, losses, liabilities, penalties and expenses (including, without limitation, reasonable attorney fees and court costs at trial or on appeal) arising directly or indirectly from Customer's selection of "pay all" as its default setup. Bank may rely on any instructions received from Customer that Bank reasonably believes to be genuine. Except with respect to liability, loss or damage caused by Bank's own lack of good faith

or failure to exercise ordinary care, Bank shall have no responsibility for any liability, loss or damage resulting from:

(i) payment in accordance with this Section of any Positive Pay Exception Item that is altered or unsigned or which bears the forged or unauthorized signature of Customer;

(ii) the return of any Positive Pay Exception Item to the depository bank in accordance with this Section; or

(iii) Customer's failure to meet Bank's established deadlines. Customer may be required to place a stop payment order on any returned Positive Pay Exception Item, which shall be subject to Bank's customary stop payment fee. Bank's failure to report a discrepancy will not discharge Customer's obligation with regard to any Item and shall not obligate Bank to return any Item if it is otherwise properly payable.

d. Teller Positive Pay. All Positive Pay Accounts will interface with the Bank's teller system unless requested by Customer. Bank will compare Items presented for cash at a branch of the Bank with Customer's Issue File. Customer acknowledges that under some circumstances issuance information submitted by Customer may not be reflected in Customer's Issue File until the opening of the following Business Day. Customer agrees to follow Bank's established procedures should it need to manually add an Item to the Issue File. Bank will make reasonable efforts to assist Customer, but Customer acknowledges that Bank may be unable to process such requests on a same-day basis. If a special handling process for teller-cashed items is selected by Customer and agreed to by Bank, Bank shall attempt to contact Customer for approval prior to the encashment of any item that does not appear in the Issue File. Customer agrees that Bank, in its sole discretion, may refuse to cash any Positive Pay Exception Item and such refusal will not be deemed to be a wrongful dishonor. In the event of dishonor, Bank will refer the presenter to Customer. In the event that Customer requests Bank not activate or temporarily deactivate Teller Positive Pay, Customer agrees to assume all risk of loss for any Bank teller-cashed Item that would have been identified as a Positive Pay Exception Item prior to acceptance.

e. Teller Payee Positive Pay. If Customer selects the Teller Payee Positive Pay service, payee name(s), in addition to the Issue File information, will be verified at Bank's teller lines. Customer shall include in the Issue File the payee name(s) for each Item issued by Customer. Customer shall be responsible for the accuracy and completeness of the payee information provided to Bank. In reliance on the payee information provided by Customer, Bank will compare the payee information on the Item presented for encashment at a Bank teller line with Customer's Issue File. Customer acknowledges that Bank will not be able to validate payee information if payee information is not provided for a particular Item or for electronically converted Items presented to Bank for payment. Customer acknowledges that, under some circumstances, issuance information submitted by Customer may not be reflected in Customer's Issue File until the opening of the following Business Day. Customer agrees to follow Bank's established procedures should it need to manually add an Item to the Issue File. Bank will make reasonable efforts to assist Customer, but Customer acknowledges that Bank may be unable to process such requests on a same-day basis. If a special handling process for teller-cashed items is selected by Customer and agreed to by Bank, Bank shall attempt to contact Customer for approval prior to the encashment of any item that does not appear in the Issue File. Customer agrees that Bank, in its sole discretion, may refuse to cash any Positive Pay Exception Item, including where the payee name is not an exact match and such refusal will not be deemed to be a wrongful dishonor. In the event of dishonor, Bank will refer the presenter to Customer.

f. Payee Positive Pay. If Customer selects this option, which is available only through SinglePoint®, Customer's Item stock may first be tested to ensure it meets Bank's payee name readability rate. Customer shall designate to Bank all Positive Pay Accounts that shall use Payee Positive Pay. In addition to the Issue File information provided by Customer for the Positive Pay Service, Customer shall include in the Issue File the payee name(s) for each Item issued by Customer. Customer shall be responsible for the accuracy and completeness of the payee information provided to Bank. In reliance on the payee information provided by Customer, Bank will compare the payee information on the Item with Customer's Issue File for Items presented or deposited at Bank. Customer acknowledges that Bank will not be able to validate payee information for electronically converted Items presented to Bank for payment. Bank may, in its sole discretion, impose variable parameters for which the payee information will not be reviewed for certain Items processed through the back office. If such parameters are imposed, Bank agrees to assume the risk of loss for an Item that would have been identified as a Positive Pay Exception solely on the basis of the payee information.

4. Reverse Positive Pay.

a. The Paid File**.** Customer shall identify all accounts subject to Reverse Positive Pay ("Reverse Positive Pay Account"). When an Item is presented for payment against an identified Reverse Positive Pay Account, Bank shall notify Customer prior to the designated time, and in no case later than the Business Day following the day of presentment, of the Reverse Positive Pay Account number, Item number and amount of the presented Item (the "Paid File") and, if requested and available, shall provide Customer with the front and back images of the Items. By electing Reverse Positive Pay, Customer assumes all fraudulent and other risks associated with teller-cashed Items, except as may be caused by Bank's own lack of good faith or failure to exercise ordinary care, unless Customer provides standing instructions to Bank to disallow encashment at the teller line.

b. Payment Instructions. Customer shall compare the information provided by Bank with Customer's Item issuance records. Customer shall notify Bank prior to the deadline established by Bank of Customer's decision on any reported Items that should be dishonored. Bank may rely on any instructions received from Customer that it reasonably believes to be genuine. Bank is authorized to finally pay any Item listed on the Paid File unless the Customer instructs Bank to return the Item prior to the established deadline. Except with respect to liability, loss or damage caused by Bank's own lack of good faith or failure to exercise ordinary care, Bank shall have no responsibility for any liability, loss or damage resulting from (i) a payment in accordance with this Section of any Item that is altered or unsigned or which bears the forged or unauthorized signature of Customer or (ii) return of any Item to the depository bank in accordance with this Section. Bank reserves the right to require Customer to place a stop payment order on any Item to be returned. Any such orders will be subject to Bank's customary stop payment fee. Customer shall notify Bank by the designated deadline if the Paid File has not been received from Bank. Bank will make reasonable efforts to provide the Paid File to Customer and honor Customer's instructions. Bank's failure to provide a Paid File will not discharge Customer's obligation with regard to any Item that was otherwise properly payable at the time of presentment.

K. LOCKBOX SERVICES

1. Lockbox Service Requirements. Bank provides wholesale, scannable wholesale and property management Lockbox Services, as well as E-Lockbox Services to assist customers in expediting receipt of their remittances. Customer will have its customers forward their payments to the location designated by Bank ("Lockbox"). Prior to initiation of any Lockbox Service, Customer must maintain a demand deposit account with Bank associated with the Lockbox Service ("Lockbox Account").

2. Testing; Remittances and Envelopes. Customer shall provide Bank samples of remittances and envelopes for testing and approval prior to using such remittances and envelopes in production. After implementation of Lockbox Services, if there are proposed changes to remittances and envelopes, Customer shall review the proposed changes with Bank and obtain Bank's approval prior to use. Bank may adjust the price for processing Customer's payments if changes are made to Customer's remittances and/or envelopes (including remittance scan line configuration) without such prior approval. Bank may request changes in Customer's remittances or envelopes due to changes in law or regulation, or as reasonably necessary due to equipment or processing improvements. If Customer fails to implement such changes, Bank may adjust the price for payment processing or cease processing Customer's payments as necessary to comply with law or regulation, as reasonably determined by Bank. Customer agrees not to provide any form of prepaid business reply mail envelopes for use with the Lockbox Services.

3. Access to Mail. Customer authorizes Bank or its agent to pick up mail at the appropriate postal facility, to have custody of the keys or combinations and unrestricted and exclusive access to such box, and to collect the mail therein to be processed by Bank as agreed by the parties. Bank shall process remittances in accordance with its standard procedures or in accordance with prior instructions received from Customer and agreed to by Bank. Upon termination of Customer's Lockbox Service, mail received shall be forwarded for ninety (90) days following termination.

4. Proprietary Rights. Bank possesses all proprietary rights to written material, including, without limitation, all computer programs written for Bank's Lockbox processing system, portable media, listings and other documentation originated and prepared by Bank. Customer shall not duplicate, sell or use in any manner such programs or documentation without the prior written consent of Bank.

5. Collections/Availability. Unless otherwise agreed, while Customer receives Lockbox Services, all collected funds held in the Lockbox Account shall be deemed to be Customer's funds for all purposes, including adjustment, attachment, execution, garnishment and other forms of legal process. The crediting and collection of items will be handled under the same agreement as applied to other commercial deposits and shall be subject to Bank's then current funds availability schedule.

6. Transmission of Information. Bank may transmit to Customer remittance information or other information received at the lockbox ("Lockbox Information") via secure electronic transmission. Customer further acknowledges that Bank has a duty to protect Lockbox Information and ensure that it is safely delivered to Customer and that Bank has deemed secure electronic transmissions to be the safest mechanism for delivery. If Customer elects to receive the Lockbox Information using other delivery means including paper remittance forwarding or Internet delivery, Customer acknowledges that such delivery means are inherently more insecure and agrees to assume all risk, and hold Bank harmless from, any obligations, liability or losses that results from the nonreceipt, disclosure, dissemination, alteration or unauthorized access of the Lockbox Information. If Customer is the recipient of misdirected Lockbox Information, Customer shall immediately notify Bank and return the information to Bank. Customer agrees not to retain, use, copy, distribute or otherwise disclose the information in any manner.

7. Image Delivery Services. Bank shall electronically store check images, check information, remittance information or other information received at the Lockbox in accordance with Bank's record retention schedule. Customer may obtain such images or information via Internet access, CDs (physical or virtual), DVDs (physical or virtual) or file transmission, if available, at the price outlined in the fee schedule. If the images or information are sent via CD or DVD, Customer agrees to verify the contents of the CD or DVD upon receipt and request a replacement, if necessary, within 10 days of receipt. Customer is solely responsible for safeguarding the security and confidentiality of all images and information that is stored on Customer's computer systems, or printed or downloaded from the Internet, CDs, DVDs, or file transmissions.

8. Credit/Debit Card Processing. If Customer desires to provide its customers with the option of making their payments via credit card or non-PIN based debit card, Customer shall first secure approval from a payment transaction processor that Bank is able to support. Credit/debit card processing shall be subject to applicable laws, rules and regulations, and the terms of any other agreement between Customer and the payment transaction processor. Customer acknowledges that Bank is acting on behalf of Customer to merely initiate the authorization of payments at the Lockbox site, and that Bank shall have no responsibility for chargebacks, processing fees, payment disputes or other matters related to the credit/debit card transaction. Bank shall enter the credit/debit card information using its best efforts and if adjustments are subsequently required, Customer shall be responsible for handling all adjustments. In accordance with the requirements of the Payment Card Industry (PCI) Data Security Standard, Customer shall not request CVV or Card Verification Code or Value information (for example: CID, CVC2, CVV2 or CAV2) on remittance documents. Storage of this information is prohibited by the PCI Data Security Standard.

9. Foreign currency-denominated items and items drawn on foreign banks. If Customer desires to have non-U.S. dollar items processed by Bank, or items denominated in U.S. dollars but drawn on a foreign bank, Bank shall handle the items within parameters established by Bank based on amount, the type of currency and other considerations outlined in the Implementation Documents. If the item does not fall within Bank's parameters for processing, Bank shall return the item unprocessed to Customer or forward the item for handling as a foreign cash letter collection. If Bank provides Customer with credit at the U.S. dollar conversion rate in effect, and if the item is subsequently returned by the drawee Bank, Bank shall charge Customer's account for the prevailing exchange rate in effect at the time of the chargeback.

10. Compliance with Applicable Law. If specific lockbox handling requirements are required in order for Customer to comply with law or regulations applicable to Customer (for example, Regulation Z), Customer agrees to immediately notify Bank of any such requirements. If Bank is unable to accommodate Customer's specific requirements, Bank or Customer may immediately terminate the Lockbox Services.

11. Customer Responsibility. With respect to each item received at the Lockbox, Customer shall indemnify and hold Bank harmless from and against any and all claims, demands, damages, losses, liabilities, penalties and expenses (including, without limitation, reasonable attorney fees and court costs at trial or on appeal) arising directly or indirectly: (i) from Customer's breach of a representation or warranty under applicable law, clearinghouse rule, Federal Reserve Operating Circular, or other similar rules or regulations; or (ii) from any other act or omission arising out of Bank's action or inaction taken pursuant to any request by Customer or pursuant to this Agreement. This Section IV.K.11 shall survive termination of the Agreement.

12. Wholesale Lockbox Processing. Bank offers Wholesale Lockbox Processing services which allows for the processing of primarily business-to-business payments. Bank is authorized to remove and examine the contents of each envelope in accordance with Bank's wholesale lockbox servicing guidelines and shall observe the following guidelines provided in this Section. Bank shall capture, format and send remittance data to Customer via information reporting or data transmission in accordance with the Implementation Documents.

a. Check Date. Bank will not examine any checks or other items with respect to check dates.

b. Check Amount. If Bank is unable to determine the amount of a check, such check will be forwarded unprocessed to Customer as an exception.

c. Payee. Checks made payable to the Acceptable Payees listed in the Implementation Documents or any reasonable derivation thereof are acceptable for deposit. Checks made payable to others may be returned by Bank as exceptions. Customer warrants that each Acceptable Payee is either Customer, its affiliate, or an entity that has authorized Customer to act on its behalf for the Services provided herein. If the Acceptable Payee is an affiliate of Customer or an entity which authorized Customer to act on such entity's behalf, Customer represents and warrants that such affiliate or entity has authorized checks payable to it to be credited to the Lockbox Account. Bank may require written authorization from any Acceptable Payee or written evidence that an Acceptable Payee has authorized Customer to act on its behalf. If Customer designates 'Accept All Payees' in the Implementation Documents and Bank accepts such designation, Bank shall process all checks for credit to the Lockbox Account regardless of the payee name on the check. Such designation may be subject to additional Bank fees. Customer agrees to indemnify and hold Bank harmless for any claims, fines, expenses, and damages that arise out of Bank's processing of checks based on Customer's "Accept All Payees" designation.

d. Missing Signature. In the absence of a signature, Bank will process the check. Customer agrees to reimburse Bank if the check is subsequently returned.

e. Exceptions. If a check is treated as an exception, it will be forwarded by Bank to Customer with the remittance data, and not deposited or otherwise reflected in the account of Customer.

f. Correspondence. Any correspondence, invoices and miscellaneous enclosures which are included with a payment, as well as any envelope that does not contain a check, will be imaged and destroyed unless Customer specifies different instructions in the Implementation Documents.

g. Notation. Customer agrees that Bank shall disregard any notation on a check containing "paid in full", "lien waiver" or other restrictive notation, whether preprinted or handwritten, and treat any such check as though such notation did not appear thereon. If Customer instructs Bank not to process checks with restrictive notations and Bank agrees to do so, Bank will use its best efforts to detect checks bearing such notations, but Bank shall not be liable to Customer for failure to detect any such notation.

h. Document Order. Bank shall use its best efforts to process documents that are not in logical order, are difficult to identify, or which are received in unorganized large packages.

i. Remittance Document Forwarding. If remittance document or correspondence-only document forwarding is requested by the Customer and agreed to by Bank, Bank shall forward all remittance documents stacked in the order processed. If Customer requests forwarding of check photocopies, and Banks agrees to do so, the check photocopies will be stacked in the order processed on top of the remittance documents. Document forwarding has limited availability and is not available for all lockboxes.

13. Lockbox Remote Capture Services. Lockbox Remote Capture Services is an optional add-on service to the Wholesale Lockbox Processing service which provides eligible customers the ability to scan and transmit to Bank lockbox payments received at office locations. If Customer is approved for Lockbox Remote Capture Services, Customer agrees that Bank's Lockbox Remote Capture Services shall be governed by this this Section IV.K (Lockbox Services) and other relevant sections of this Agreement, including but not limited to, the Electronic Deposit Services section.

14. Scannable Wholesale Lockbox Processing/Property Management Lockbox Processing. Bank offers Scannable Wholesale Lockbox Processing services and Property Management Lockbox Processing services which allow for the automated processing of consumer-oriented payments. Bank is authorized to open each envelope and remove the contents, disregarding all notations and other marks on the envelopes. Bank shall not examine checks or other items with respect to payee names, check dates and check signatures. Bank is not required to retain remittance envelopes or forward them to Customer. Bank will disregard any restrictive notation on any check, including but not limited to "paid in full", whether preprinted or handwritten, and shall treat any such check as though such language did not appear thereon. Bank will process, endorse and deposit remittances in accordance with its standard procedures. If Bank is unable to determine the amount of a check, such check will be forwarded to Customer as unprocessable. Bank will deliver miscellaneous enclosures, unprocessable transactions and remittance data in accordance with the Implementation Documents.

15. E-Lockbox. E-Lockbox provides Customer with the ability to receive consumer payments electronically that are initiated via the consumers' home banking portal or through other payment channels offered by third-party bill consolidators, including consumer credit counseling agencies.

a. Network. "Network" means the Mastercard Remote Payment and Presentment Service ("RPPS"), a division of Mastercard International, Inc., or other originators of consumer-initiated bill payments. Bank receives payments and remittance data via the Network. Bank will credit payments to Customer's account and electronically transmit the remittance data in Bank's standard or other mutually acceptable format for loading to Customer's accounts receivable system.

b. Customer's Responsibilities. Customer shall provide Bank with all data and specifications necessary for the Network to process payments and for Bank to transmit the remittance data to Customer. Customer agrees to conduct tests that Bank may deem necessary to ensure Customer and Bank are able to process the remittance data. The purchase, installation, testing and maintenance of any and all equipment used to receive and process information from Bank is the responsibility of Customer. As soon as possible, and in any event, no later than 48 hours after Bank transmits the remittance data to Customer, Customer agrees to process all such data and to inform Bank of any incorrect, unidentifiable or unprocessable information (collectively, "Returns").

c. Bank's Responsibilities. Bank shall develop a program to process and transmit remittance data received from the Network in Customer's preferred file format. Bank shall transmit Returns to the Network when Customer provides Bank with the Return information. Bank will credit Customer's account in an amount equal to the payments received and debit Customer's account in an amount equal to any Returns and, if applicable, any Reversals (defined below).

d. Reliance on Network. Customer acknowledges that Bank's ability to process payments and remittances are dependent upon the continued use and support of the Network and third-party computers housing the Network and its associated communications network. In the event that access to the Network or its computer communications system is terminated or suspended for any reason, Bank shall not be liable to Customer for any disruptions or failure to provide any part of this Service. Bank assumes no responsibility for the accuracy, timeliness or the completeness of data delivered from the Network to Bank.

e. Optional Reversal Transactions. Reversals are Network-initiated debit messages from payment originators informing of the cancellation of previous transactions. Customer may set debit caps on Reversals to limit the daily debit amount a payment originator may send through the Network. If Customer instructs Bank to accept Reversals, Customer hereby authorizes Bank to debit Customer's account for the amount of the Reversals.

f. Optional Biller Stop Payment. Biller Stop Payment allows Customer to provide Bank with instructions regarding payments that Customer does not want posted to its account. If Customer instructs Bank to stop a payment from posting to its account, Customer hereby authorizes Bank to return the payment through the Network. Payments that are stopped will not be included in Customer's settlement transaction or the remittance data provided to Customer.

L. HEALTHCARE PAYMENT CONSOLIDATOR

U.S. Bank Healthcare Payment Consolidator is a Service that enables Customers to electronically receive, post and reconcile healthcare payments and remittances received from health plans and/or other Agents. The Service accepts images of check payments, remittances and correspondence received by Bank or its vendors in paper form via lockbox, as well as electronically via Automated Clearinghouse (ACH). Electronic remittance files are delivered from the Service to Customer at an agreed upon schedule. Images are made available via website or file transmission. Customer agrees that the Service shall be governed by this Section and all other relevant sections of this Agreement.

1. Introduction. If Customer selects the Service, the Service may include, but is not limited to, lockbox, ACH, image viewing, data translation and file transmission services to assist Customer in expediting and automating receipt of their remittances. Prior to implementation of the Service, Customer must maintain a demand deposit account with Bank.

2. Processing, Collections and Availability. The Service is available where hardware and software have been configured by Bank to accommodate processing. Bank is authorized to examine the checks and remittances received at Customer's designated lockbox in accordance with Bank's lockbox servicing terms and guidelines. The crediting and collection of items will be handled in accordance with other commercial deposits processed by Bank and shall be subject to Bank's then current funds availability schedule.

3. Image Viewing and Storage. The Service processes and stores images of paper checks, explanation of benefits statements, correspondence or other enclosures, as well as images of electronic remittance advices and electronic funds transfers. Images are available to Customer for web viewing or via secure transmission as selected by Customer in the Implementation Documents. Original paper documents will be securely destroyed on a periodic basis.

4. File Transmission and Data Reporting. The Service will transmit to Customer remittance data according to the agreed upon schedule. Customer may elect to receive data through one or more delivery mechanisms as specified in the Implementation Documents. If the Service is terminated, Customer may obtain an FTP transmission or other available format of image information processed at the price outlined in the fee schedule.

5. Accuracy and Timeliness of Information. Performance of the Service may be affected by external factors such as communication network latency, mail delays and other factors beyond Bank's control. Information with respect to all transactions is provided solely for Customer's convenience, and Customer shall have no recourse to Bank with respect to the use of such information.

6. Customer Authorizations, Notifications and Responsibility. Customer authorizes Bank to disclose Customer information to Bank's vendors to the extent required to deliver the Service, and to debit or credit Customer's accounts in performance of the Service hereunder. Customer shall provide Bank or its vendors with all data and specifications necessary for processing. Customer shall conduct tests that Bank or its vendors may deem necessary to ensure that files may be exchanged and the Service implemented. Customer shall adhere to any and all applicable clearinghouse, local, state, or federal laws, rules or regulations.

7. Security Procedures. Customer will use the Service in accordance with the procedures established by Bank and its vendors. Customer will designate one or more System Administrator(s) responsible for establishing internal security procedures, including, without limitation, setting up and maintaining access available through the Service. Customer is solely responsible for maintaining a secure work environment to ensure against unauthorized access to the Service.

8. Proprietary Rights. Bank, or its vendors, possess all proprietary rights to written material including without limitation, all computer programs written for the Service, websites and other product documentation provided by Bank or its vendors. Customer shall not duplicate, sell or use in any manner such programs or documentation without the prior written consent of the applicable party. Customer will be bound by any terms of use and any license agreements associated with the Service.

M. COMMERCIAL SWEEP ACCOUNTS – LOAN OPTION

THIS NOTICE IS GIVEN PURSUANT TO APPLICABLE LAW: IN THE UNLIKELY EVENT OF THE BANK FAILURE, THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") WILL ALLOW THE LOAN SWEEP TRANSFER OF EXCESS BALANCES IN CUSTOMER'S DEPOSIT ACCOUNT, ABOVE A PRE-ESTABLISHED THRESHOLD, OUT OF THE DEPOSIT ACCOUNT TO PAY DOWN THE LOAN AT BANK ON THE DAY OF FAILURE. THE REMAINING FUNDS IN THE DEPOSIT ACCOUNT WILL BE DEEMED DEPOSITS UNDER FDIC RULES AND WILL BE INSURED UP TO THE APPLICABLE FDIC LIMITS.

1. Definitions.

a. "Account" means Customer's deposit account at Bank which Customer has designated as being covered by the Services described herein.

b. "Available Funds" means the total of the collected funds in the Account as of the close of business on any Business Day, determined in accordance with the manner in which Bank generally provides credit for deposited checks.

c. "Business Day" means any day on which a majority of Bank's offices are open to the public for substantially all banking functions. Saturdays, Sundays, federal or state holidays or any day recognized by a Federal Reserve Bank as a holiday shall not be considered a Business Day, even if Bank's offices are open.

d. "Credit" means any loan arrangement which is designated as a line of credit where Bank has agreed will be subject to the Services described herein.

e. "Credit Agreement" means any loan agreement, promissory note, guaranty or other agreement, instrument or document which evidences, secures or guarantees the Credit.

f. "Deficiency Amount" means the amount by which the Target Balance exceeds the amount of Available Funds as of the close of business on any Business Day.

g. "Event of Insolvency" means any of the following: (i) Customer or Guarantor shall die or cease to exist; (ii) any Guarantor shall attempt to revoke its guaranty or other obligation to Bank, or such guaranty or other obligation shall become unenforceable in whole or in part; (iii) any bankruptcy, insolvency or receivership proceeding, or any assignment for the benefit of creditors, shall be commenced under any Federal or state law by or against Customer or any Guarantor; (iv) Customer or any Guarantor shall become the subject of any out-of-court settlement with its creditors; or (v) Customer or any Guarantor is unable or admits in writing its inability to pay its debts as they mature.

h. "Excess Funds" means the amount of Available Funds as of the close of business on any Business Day which exceeds the Target Balance.

i. "Guarantor" means any guarantor, surety, accommodation party or joint obligor of the obligations of Customer under the Credit.

j. "Target Balance" means that amount of funds which Customer desires to maintain in the Account and which is mutually agreeable to Bank and Customer from time to time.

k. "Transaction" means either a Loan Transaction or a Repayment Transaction.

2. Initiation of Transactions.

a. As of the close of business on each Business Day, Bank will determine the amount of Excess Funds, if any. If Bank determines that there are Excess Funds, Bank will debit the Account and credit the Credit in an amount equal to the lesser of (i) the amount of Excess Funds or (ii) the outstanding principal balance of the Credit plus all interest, fees and charges then outstanding under the Credit (a "Repayment Transaction"); provided, however, that Bank will not be required to initiate any Repayment Transaction in an amount less than a minimum sum mutually agreeable to Bank and Customer. Customer grants Bank a security interest in, and right of set-off to, the Account for purposes of effecting Repayment Transactions.

b. As of the close of business on each Business Day, Bank will determine the Deficiency Amount, if any. If Bank determines that there is a Deficiency Amount, Bank will charge the Credit in an amount equal to the lesser of (i) the amount by which such available balance is less than the Target Balance or (ii) the amount which is available to be borrowed under the Credit (the lesser of such amounts being referred to as the "Loan Amount"), plus the amount of any fees and charges under the Credit, and credit the Account in an amount equal to the Loan Amount (a "Loan Transaction"); provided, however, that Bank will not be required to initiate any Loan Transaction in an amount less than a minimum sum established by Bank, and Bank will not be required to initiate any Loan Transaction if any default exists under any Credit Agreement or this Agreement or Bank is otherwise excused or prohibited under any Credit Agreement or applicable law from making an advance to Customer. In addition, Bank will not be required to initiate any Loan Transaction, and the Services hereunder shall immediately and automatically terminate without notice, if: (A) the Credit has matured or been terminated; (B) Customer has cancelled the Credit; (C) an Event of Insolvency has occurred; or (D) Bank has demanded payment under the Credit.

c. If Bank has agreed to provide any other service to Customer pursuant to which Bank is authorized to transfer Excess Funds from the Account, (i) this Agreement shall prevail over the terms and conditions of such other service, (ii) Bank may initiate a Repayment Transaction or Loan Transaction under this Agreement in lieu of or prior to initiating the transfer of Excess Funds under such other service, and (iii) Bank shall not be in default as to such other service solely by reason of not initiating the transfer of Excess Funds under such other service.

3. Overdrafts. Bank may debit the Account as set forth in Section IV.M.1.a above, even though, subsequent to such debit, and as a result of additional transfers or withdrawals from the Account, the return of checks unpaid, or any other cause, the Account becomes overdrawn. In such event, Customer will be assessed Bank's then prevailing charges for overdrafts.

4. Ordinary Course. Customer and Bank intend that each Repayment Transaction hereunder be (a) in the ordinary course of business or financial affairs of Customer and Bank, and (b) made according to ordinary business terms.

5. Asset-Based Loan Sweep Advance. For each asset-based loan sweep transfer or loan sweep advance (each an "Asset Based Transfer"), Customer certifies to Bank that (i) the Asset Based Transfer is being made in accordance with the certain agreements between Bank and Customer (the "Asset Based Documents"); (ii) the Asset Based Transfer is not revocable by Customer; (iii) the representations and warranties set forth in the Asset Based Documents are true and correct as of the date of each Asset Based Transfer; and (iv) no default or event of default, however denominated, has occurred or is continuing under the Asset Based Documents or will result following the Asset Based Transfer.

6. Termination. In addition to the termination rights described elsewhere in the Agreement, Bank may terminate this Service immediately without notice to Customer if the index or other referenced rate upon which the interest rate for this Service is based is at any time less than zero percent.

N. COMMERCIAL SWEEP ACCOUNTS – INVESTMENT OPTION

NOTICE: INVESTMENT PRODUCTS, INCLUDING MONEY MARKET MUTUAL FUNDS, ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY BANK OR ANY OF ITS AFFILIATES, NOR ARE THEY INSURED BY THE FDIC, OR ANY OTHER GOVERNMENT AGENCY. THE INVESTMENT OPTIONS OFFERED BY BANK UNDER THE COMMERCIAL SWEEP ACCOUNT ARE SUBJECT TO INVESTMENT RISKS, INCLUDING LOSS OF PRINCIPAL OF THE AMOUNT INVESTED.

1. General Terms Applicable to All Investment Options.

a. If a Commercial Sweep Account Investment Option has been requested and agreed to by Bank, Customer authorizes Bank to transfer funds on a manual or automated basis to and from the demand deposit account ("DDA") and Investment Option selected by Customer. Funds will be transferred between the accounts so that: (a) to the extent funds are available in either account, Customer's DDA maintains an average collected balance equal to a pre-established balance ("Peg Balance"); and (b) any collected funds in the DDA that exceed the Peg Balance ("Excess Funds") are invested by Bank as directed by Customer in accordance with this Agreement. Amounts invested in money market mutual funds, including investment income, will be redeemed and credited back to the DDA as needed so that the collected balance of Customer's DDA equals the Peg Balance. Amounts invested in other investment options, including interest or other investment income, will be credited back to the DDA each Business Day upon maturity. Bank may limit the amount of Excess Funds that it will invest on behalf of Customer on any particular Business Day. Bank may also impose a maximum redemption amount to bring the DDA to the Peg Balance on a particular Business Day. If Customer's Investment Option is not available on a given Business Day, then all Excess Funds will remain in the DDA until the next Business Day.

b. Bank is authorized to accept verbal instructions, including telephone instructions, from Customer representatives for the transfer of funds between Bank and Customer and between Customer's accounts. Bank may rely on any instructions received from Customer that it reasonably believes to be genuine.

c. Bank is authorized to execute as agent for Customer all certificates of ownership and other instruments required by law or by contract. Bank shall not be accountable for errors in judgment but only for gross negligence or willful misconduct. Bank shall not be required to comply with any direction of Customer which in Bank's judgment, may subject it to liability or to defend or prosecute any suit or action unless indemnified in a manner and amount satisfactory to it.

d. Customer may, by written instrument executed by Customer and delivered to Bank, terminate this Service and withdraw from the account the principal and accumulated income upon paying all sums due to Bank and indemnifying Bank to its satisfaction against liabilities incurred in the administration of the account.

e. Bank will act as agent to invest on the order and for the benefit of Customer. The Services described herein are provided by Bank to Customer solely as bona fide treasury management Services. Bank does not undertake any fiduciary obligation to Customer with respect to these Services. Bank's duties to act for Customer hereunder are solely mechanical and administrative in nature.

f. In addition to the termination rights described elsewhere in the Agreement, Bank may terminate this Service immediately without notice to Customer if the index or other referenced rate upon which the interest rate for this Service is based is at any time less than zero percent.

2. Investment Options.

a. Repurchase Agreements.

(i) Terms. If Customer chooses to invest Excess Funds in repurchase agreements, Customer and Bank agree to be bound by the Master Repurchase Agreement with Bank. If Customer's investments in repurchase agreements exceed its typical investment amount by $10 million or more on a given Business Day, Customer agrees to notify Bank by providing sufficient advance notice to allow Bank to adequately collateralize the investments. Bank will exercise reasonable efforts to invest the entire amount but cannot guarantee full investment under these circumstances. If Customer fails to notify

Bank in advance or if Bank is unable to invest any or all of the additional funds in repurchase agreements, Customer agrees that Bank may be required to withhold or withdraw any interest that may have been previously paid.

(ii) Confirmations. After each repurchase transaction, Bank will deliver to Customer via mail, fax, email, or other electronic means, including without limitation, posting to a password-protected website) a confirmation ("Confirmation") describing any information required by applicable law and any other terms and information which Bank may include at its discretion. The information contained in the Confirmation shall be considered true and correct and conclusively binding unless Customer notifies Bank of any error therein within three (3) Business Days after the date the Confirmation is mailed, faxed, emailed, personally delivered to Customer or sent via other electronic means, including without limitation, posting to a password-protected website. If Customer elects to receive Confirmations electronically, Customer acknowledges and agrees that Customer will no longer receive Confirmations by mail. If Customer desires to discontinue receiving Confirmations electronically, Customer shall provide written notice to Bank, whereupon Bank shall resume delivering mailed Confirmations.

b. Eurodollar Investments.

(i) Terms. If Customer chooses to invest Excess Funds in Eurodollars, Bank is authorized to sweep Excess Funds from Customer's DDA into overnight Eurodollar time deposits at the Cayman Islands branch of Bank. The minimum amount that may be swept pursuant to this option is $1,000. Excess Funds less than $1,000 on a given Business Day will not be invested. The minimum amount may be increased if requested by Customer and agreed to by Bank. Customer's Eurodollar investments may be registered in the name of Bank's nominee or nominees. Earnings in Eurodollar investments shall be credited to Customer's DDA on a daily basis. CUSTOMER ASSUMES ALL RISK OF LOSS ARISING FROM ANY ACTION TAKEN WITH RESPECT TO THE CAYMAN DEPOSIT BY THE GOVERNMENT OF THE CAYMAN ISLANDS OR ANY SOVEREIGN OR MILITARY POWER (DE FACTO OR DE JURE).

(ii) THIS NOTICE IS GIVEN PURSUANT TO APPLICABLE LAW: IN THE UNLIKELY EVENT OF BANK FAILURE, THE BALANCES RESIDING IN CUSTOMER'S EURODOLLAR SWEEP ACCOUNT AT BANK WILL NOT BE DEEMED "DEPOSITS" UNDER RULES PROMULGATED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") AND WILL NOT BE INSURED BY THE FDIC. IN THE UNLIKELY EVENT OF BANK FAILURE, CUSTOMER'S CLAIM FOR FUNDS THAT WERE SWEPT INTO THE EURODOLLAR SWEEP ACCOUNT WILL BE TREATED AS UNSECURED GENERAL CREDITOR CLAIMS.

c. Money Market Mutual Funds ("Money Fund").

(i) Terms. If Customer chooses the Money Fund sweep option, Excess Funds will be invested in the First American Money Market Fund offered for this Service. Excess Funds will be swept from the DDA to a pooled deposit account held in Bank's name. On the next Business Day, the Excess Funds from the pooled Deposit Account will be swept to the Money Fund to purchase shares. Customer's shares in the Money Fund will be held in Bank's name in an omnibus investment account, as agent on behalf of all Bank customers invested in the Money Fund. Customer grants to Bank a consensual possessory security interest in the omnibus investment account and all accounts maintained with Bank to secure payment of all of Customer's obligations under this Service. Customer will accrue dividends beginning on the Business Day the shares are purchased. Dividends accrue daily and are paid monthly on the last Business Day of the month. No dividends will accrue on the Business Day the shares are sold. If, for any reason, Money Fund shares are not available on any given Business Day, all Excess Funds will not be swept to the Money Fund and no dividends will accrue until shares become available for purchase. Funds in the DDA and in the pooled deposit account held at Bank will be treated as deposits and will be insured up to the applicable FDIC insurance limits. The Money Fund sweep option is only available to entities having a presence in the United States, which may be demonstrated by a U.S. mailing address and U.S. taxpayer identification number in Bank's records.

(ii) Customer Acknowledgments. BY ACCEPTING THIS SERVICE, CUSTOMER HEREBY ACKNOWLEDGES THAT IT HAS RECEIVED A COPY OF THE PROSPECTUS OF THE DESIGNATED FUND. THIS PROSPECTUS FORMS PART OF THE IMPLEMENTATION DOCUMENTS AND WILL CONTROL OVER THE IMPLEMENTATION DOCUMENTS WITH RESPECT TO MONEY FUND SHARES. CUSTOMER FURTHER ACKNOWLEDGES THAT BANK IS NOT PROVIDING ANY INVESTMENT ADVICE HEREIN TO CUSTOMER AND MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUITABILITY OR SAFETY OF THE INVESTMENTS IN ANY FUND OFFERED UNDER THIS SERVICE.

(iii) Money Fund Disclosures. BANK AFFILIATES SERVE AS INVESTMENT ADVISOR, ADMINISTRATOR, CUSTODIAN, DISTRIBUTOR, TRANSFER AGENT, AND SECURITIES LENDING AGENT AND RECEIVE COMPENSATION FOR SUCH SERVICES AS DISCLOSED IN THE PROSPECTUS FOR THE DESIGNATED FUND. ALTHOUGH MONEY FUNDS SEEK TO PRESERVE THE VALUE OF CUSTOMER'S INVESTMENT AT $1.00 PER SHARE, IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN A MONEY FUND.

(iv) THIS NOTICE IS GIVEN PURSUANT TO APPLICABLE LAW: IN THE UNLIKELY EVENT OF BANK FAILURE, CUSTOMER WILL MAINTAIN ITS INTEREST IN THE MONEY FUND SHARES FOLLOWING A COMPLETED MONEY FUND SWEEP. THE VALUE OF THE SHARES IN THE MONEY FUND OMNIBUS INVESTMENT ACCOUNT WILL NOT BE DEEMED "DEPOSITS" UNDER RULES PROMULGATED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") AND WILL NOT BE INSURED BY THE FDIC. ON THE DAY OF FAILURE, HOWEVER, THE FDIC MAY DISALLOW THAT DAY'S SWEEP TO OCCUR. IF THE SWEEP IS DISALLOWED, ANY EXCESS FUNDS THAT WOULD HAVE NORMALLY SWEPT ON THAT BUSINESS DAY WILL REMAIN IN THE DDA AND WILL BE TREATED AS DEPOSITS. THOSE DEPOSITS WILL BE INSURED UP TO THE APPLICABLE FDIC INSURANCE LIMITS.

d. Commercial Paper.

(i) Terms. If Customer chooses the Commercial Paper sweep option, Excess Funds shall be invested in an unsecured short-term promissory note issued by U.S. Bank National Association, and held in book entry. At the end of each Business Day, Excess Funds are automatically transferred from Customers' DDA into a sweep account that invests overnight in U.S. Bank National Association Commercial Paper. The minimum amount that may be swept pursuant to this option is $1,000. Excess Funds less than $1,000 on a given Business Day will not be invested. The minimum amount may be increased if requested by Customer and agreed to by Bank.

(ii) THIS NOTICE IS GIVEN PURSUANT TO APPLICABLE LAW: IN THE UNLIKELY EVENT OF BANK FAILURE, THE BALANCES RESIDING IN CUSTOMER'S COMMERCIAL PAPER SWEEP ACCOUNT AT BANK WILL NOT BE DEEMED "DEPOSITS" UNDER RULES PROMULGATED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") AND WILL NOT BE INSURED BY THE FDIC. IN THE UNLIKELY EVENT OF BANK FAILURE, CUSTOMER'S CLAIM FOR FUNDS THAT WERE SWEPT INTO THE COMMERCIAL PAPER SWEEP ACCOUNT WILL BE TREATED AS UNSECURED GENERAL CREDITOR CLAIMS.

e. Business Savings Sweep. If Customer chooses the Business Savings Sweep option, collected funds with a minimum of $500 in excess of a Peg Balance shall be swept from Customer's DDA into a Business Savings Sweep Account (the "Savings Account"). The Peg Balance shall be set at a minimum of $10,000 unless otherwise agreed to by Bank. Funds remain in the Savings Account until Customer's DDA reaches a negative balance, whereupon available funds are swept back into Customer's DDA in an amount necessary to return the DDA balance to the Peg Balance.

O. MASTER REPURCHASE AGREEMENT (MRA)

THIS NOTICE IS GIVEN PURSUANT TO APPLICABLE LAW: ALL FUNDS IN THE REPURCHASE AGREEMENT SWEEP WILL NOT BE DEEMED "DEPOSITS" AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"). IN THE UNLIKELY EVENT OF BANK FAILURE, CUSTOMER WILL MAINTAIN ITS OWNERSHIP OR SECURITY INTEREST IN THE SECURITIES THAT ARE SUBJECT TO THE REPURCHASE AGREEMENT AND, UPON LIQUIDATION, WILL RECEIVE THE VALUE OF THE SECURITIES UP TO THE AMOUNT OF FUNDS SWEPT FROM THE ACCOUNT.

1. Applicability. From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this MRA and if applicable, Annex III and the Amendment to Annex III (International Transactions) of the SIFMA Master Repurchase Agreement (1996 version).

2. Definitions.

a. "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

b. "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

c. "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

d. "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

e. "Confirmation", the meaning specified in Paragraph 3(b) hereof;

f. "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

g. "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

h. "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

i. "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, or otherwise as the deadline for giving notice requiring same day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);

j. "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

k. "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

l. "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

m. "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

n. "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;

o. "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

p. "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

q. "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;

r. "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;

s. "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;

t. "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination.

a. An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

b. Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this MRA. The Confirmation, together with this MRA, shall constitute conclusive evidence

of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this MRA, this MRA shall prevail.

c. In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the Business Day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance.

a. If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

b. If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

c. If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any Business Day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next Business Day following such notice.

d. Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

e. Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

f. Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this MRA).

5. Income Payments. Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest. Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof. In all Transactions, Seller is acting as agent for Buyer. In the event of Seller's default under the MRA, Buyer has the right to either: (i) direct Seller to sell the Securities or (ii) sell the Securities, and, following any sale pursuant to this sentence, apply the proceeds in satisfaction of Seller's liability hereunder.

7. Payment and Transfer. Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities. To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this MRA. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this MRA shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities
Seller is not permitted to substitute other securities for those subject to this MRA and therefore must keep Buyer's securities segregated at all times, unless in this MRA Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they may be subject to liens granted by Seller to third parties and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to re-segregate substitute securities for Buyer will be subject to Seller's ability to satisfy any lien or to obtain substitute securities.

9. Substitution. Seller may not substitute other Securities for any Purchased Securities.

10. Representations. Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this MRA,

to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this MRA on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this MRA and the Transactions hereunder and such authorizations are in full force and effect, and (v) the execution, delivery and performance of this MRA and the Transactions hereunder will not violate any law, ordinance, charter, bylaw or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default. In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one Business Days' notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

a. The non-defaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The non-defaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

b. In all Transactions in which the defaulting party is acting as Seller, if the non-defaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefore on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the non-defaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the non-defaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

c. In all Transactions in which the defaulting party is acting as Buyer, upon tender by the non-defaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the non-defaulting party, and the defaulting party shall deliver all such Purchased Securities to the non-defaulting party.

d. If the non-defaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the non-defaulting party, without prior notice to the defaulting party, may: (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the non-defaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefore on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and (ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the non-defaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the non-defaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefore on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source. The parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the non-defaulting party may establish the source therefore in its sole discretion, and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

e. As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the non-defaulting party for any excess of the price paid (or deemed paid) by the non-defaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

f. For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the non-defaulting party of the option referred to in subparagraph (a) of this Paragraph.

g. The defaulting party shall be liable to the non-defaulting party for (i) the amount of all reasonable legal or other expenses incurred by the non-defaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

h. To the extent permitted by applicable law, the defaulting party shall be liable to the non-defaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the non-defaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the non-defaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

i. The non-defaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement. Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder, and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been

made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications. Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified by Bank, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14. Entire Agreement; Severability. This MRA shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Nonassignability; Termination.

a. The rights and obligations of the parties under this MRA and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this MRA and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This MRA may be terminated by either party upon giving written notice to the other, except that this MRA shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

b. Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16. Governing Law. This MRA shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc. No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this MRA and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets.

a. If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

b. Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

c. By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent.

a. The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

b. It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

c. The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

d. It is understood that this MRA constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20. Disclosure Relating to Certain Federal Protections. The parties acknowledge that they have been advised that:

a. In the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

b. In the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

c. In the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

P. ZERO BALANCE ACCOUNT (ZBA) SERVICES

1. General. ZBA Services allow Customer to concentrate balances across multiple checking accounts consisting of a lead ("Master Account") and one or more sub-accounts funded by the Master Account. At the close of each Business Day, at a time determined by Bank, Bank shall transfer available or collected balances between the Master Account and sub-account(s) via two-way automatic transfers to ensure that the sub-accounts maintain a zero balance or a balance otherwise designated by Customer (collectively, the "Established Balance"). In addition, one-way transfers can be made from: (i) the Master Account to the sub-account; (ii) the sub-account to the Master Account; or (iii) the Master Account to the sub-account with deposits remaining in the sub-account.

Customer agrees to maintain sufficient available funds in the Master Account to cover the aggregate debits made to the sub-accounts to enable the sub-accounts to be maintained at the Established Balance at the close of each Business Day. If the available balance in the Master Account is insufficient to restore the balance in a sub-account to the Established Balance, a lesser amount may be transferred to the sub-account in Bank's sole discretion. If there are multiple sub-accounts and insufficient funds in the Master Account to fund all sub-accounts, Bank may, in its sole discretion, determine which sub-accounts to fund and to what extent. In addition, Bank may, in its sole discretion, either (i) reject any checks or other debit items drawn on any sub-account or (ii) accept any checks or other debit items drawn on a sub-account, even if such acceptance would bring the sub-account below the Established Balance. If Bank must reverse a provisional credit and such reversal causes the Master Account to have a negative balance, Customer agrees that Bank may reverse the transfer of any funds, in whole or in part, between the sub-account and the Master Account, and Bank may additionally reject any items not finally paid on the sub-account. Bank reserves the right to suspend or terminate ZBA Services without prior notice to Customer.

2. Focal Point Plus. If selected by Customer, the Focal Point Plus Service allows Customer to: (i) concentrate balances across multiple checking accounts consisting of a lead ("Master Account") with one or more subaccounts ("Shadow Accounts"), which are all funded by the Master Account; and (ii) track transactions with location reporting. Two-way automatic transfers ensure the Shadow Accounts maintain a zero balance. One-way transfers can also be made from the Shadow Accounts to the Master Account. Customer acknowledges and agrees the Shadow Accounts are deemed to be part of the Master Account for purposes of this Agreement and cannot be used to process transactions independent of the Master Account.

Q. SINGLEPOINT® INTERNATIONAL REQUEST FOR TRANSFER SERVICES

The U.S. Bank SinglePoint® International Request for Transfer Services will enable domestic or foreign organizations doing cross-border business to initiate or execute payment or transfer instructions from, or between, Customer accounts held at Bank and foreign banks. Prior to implementation of this Service, the Forwarding Bank and the Executing Bank must enter into a Bilateral Agreement referencing their mutual accession to the SWIFT Request for Transfer (MT101) Service Level or other relevant Service Level. Bank acts in the capacity of the Forwarding Bank with respect to all Requests for Transfer. This Service or other similar remote initiation Services offered by Bank are governed by this Agreement, the Bilateral Agreement, the Interbank Agreement, and all other applicable federal, state and local laws and regulations. Unless otherwise defined, all capitalized terms shall have the meanings set forth in the Interbank Agreement and Bilateral Agreement.

1. Definitions.

a. "Beneficiary" means the person or entity designated in the Originator's instruction to receive funds.

b. "Beneficiary Bank" means the financial institution crediting the funds to the Beneficiary's account.

c. "Execute" or "Execution" means the debiting of the Originator's account by the Executing Bank pursuant to a Request for Transfer from the Forwarding Bank and the forwarding of the credit transfer to the Beneficiary Bank.

d. "Executing Bank" means the financial institution that receives and Executes the Request for Transfer from the Forwarding Bank and then forwards the credit transfer to the Beneficiary Bank.

e. "Forwarding Bank" means a financial institution receiving a Request for Transfer from the Instructing Party and forwarding it to the Executing Bank.

f. "Instructing Party" means a customer of the Forwarding Bank, which could be an office, department or division of the Originator, or a separate legal entity, authorized by the Originator to initiate a Request for Transfer to the Forwarding Bank.

g. "Interbank Agreement" means the Service Level Master Agreement (SLMA) and Request for Transfer Service Level Rules and Regulations (MT 101) or other relevant Service Levels offered by Society for Worldwide Interbank Financial Telecommunication (SWIFT), to which the Forwarding Bank and the Executing Bank are a party.

h. "Originator" means the customer of the Executing Bank whose account is to be debited pursuant to a Request for Transfer.

i. "Request for Transfer" means a transfer instruction received by the Forwarding Bank from the Instructing Party for onward transmission as an MT101 to the Executing Bank, and which is capable of being processed under an Interbank Agreement.

2. Bank as the Forwarding Bank. If Customer selects Bank as the Forwarding Bank, Customer is deemed to be the Instructing Party for all Requests for Transfer. Customer will appoint those individuals authorized to instruct Bank regarding Request for Transfer Services ("Authorized Users") via the relevant Implementation Documents and System Administrator designations establishing the Authorized Users' access authority and transaction limits. Bank may rely on any such authorization until it has received Customer's written notice of revocation and has had a reasonable opportunity to act thereon. Customer and its Authorized Users and other Agents shall maintain the highest possible level of confidentiality with regard to PINs or other security devices and will take all steps necessary to prevent access to them by unauthorized persons. Customer shall be responsible for the accuracy, completeness and timeliness of all Requests for Transfer sent to Bank. Requests for Transfer received after Bank's established deadline or on any non-Business Day, including any Saturday, Sunday, holiday or any day that Bank's wire department is not open, will be considered received on the next Business Day. Customer authorizes Bank to process and forward to the Executing Bank all Requests for Transfer received in accordance with any established security procedures. Notwithstanding the foregoing, Bank does not

assume any responsibility for the Execution of the Request for Transfer by the Executing Bank and completion of the credit transfer to the Beneficiary Bank. Customer understands and acknowledges that any applicable callback notifications on PIN limits established by Customer with Bank for wire transfer dollar thresholds do not apply to Requests for Transfer. Customer agrees not to initiate a Request for Transfer in violation of applicable federal, state or local law or regulations.

3. Security Procedures. Customer and Bank shall comply with any established security procedures with respect to the initiation and forwarding of any Request for Transfer, including but not limited to, the SWIFT authentication procedures identified in the SWIFT User Handbook, as amended from time to time. Customer agrees that any such security procedures shall be deemed commercially reasonable. Customer understands that the security procedures are not intended for the purpose of detecting errors in the transmission or content of a Request for Transfer controlled by Customer. Customer agrees to be bound by any Request for Transfer sent in the name of Customer that is processed by Bank in compliance with the agreed security procedures whether or not authorized.

4. Amendment or Cancellation. Customer does not have the right to reverse, adjust or revoke any Request for Transfer after it has been received by Bank; provided, however, that Bank will make a reasonable effort to act on such a request by Customer. With respect to a Request for Transfer that has already been Executed, Bank may intervene at Customer's request, to request that the Beneficiary Bank return all or a portion of the funds. Customer understands that the Beneficiary Bank is under no legal obligation to comply with this request.

5. Rejection/Repair. Bank may reject a Request for Transfer if: (i) it is not initiated or transmitted in accordance with the applicable security procedures; (ii) there is any inconsistency between a Request for Transfer and information previously supplied to Bank; or (iii) Bank has other reasonable grounds not to honor the Request for Transfer. Bank shall have no obligation to repair any Request for Transfer it receives but may, in its absolute discretion, endeavor to repair any Request for Transfer. Bank shall notify Customer of any rejections or suspensions.

6. Limits on Bank's Liability. Bank sends outgoing and receives incoming Requests for Transfer using SWIFT. Bank shall not be responsible for the acts or omissions of Customer, the SWIFT network, other financial institution or any other person. Payment to a foreign country is subject to the laws of the foreign country involved. Bank assumes no liability for foreign exchange risk, delays, non-delivery or other events resulting from causes beyond Bank's control.

R. SWIFT-RELATED SERVICES

The SWIFT-Related Services (the "Service") will enable organizations with domestic or cross-border activity to initiate or execute payment or transfer instructions from Customer's Bank account to another account held at Bank or a third-party bank, and to receive account information and payment notifications from Bank via products and services offered by the Society for Worldwide Interbank Financial Telecommunication ("SWIFT"). This Service or other similar services offered by Bank are governed by this Agreement, applicable SWIFT agreements, rules, and terms and conditions (collectively, "SWIFT Terms"), and all other applicable federal, state and local laws and regulations. Unless otherwise defined, all capitalized terms shall have the meanings set forth in the SWIFT Terms.

1. Definitions.

a. "Account Reporting" means cash management notifications, transaction and account information provided by Bank to Customer.

b. "Beneficiary" means the person or entity (including Customer) designated in Customer's Transfer Request to receive funds.

c. "Beneficiary Bank" means the financial institution (including Bank) that credits the funds to the Beneficiary's account.

d. "Execute" or "Execution" means the debiting of Customer's account by Bank and the forwarding of the credit transfer to the Beneficiary Bank pursuant to a Transfer Request from Customer.

e. "FileAct" means a file transfer service that utilizes the SWIFT infrastructure to enable the transfer of data in various file formats.

f. "Transfer Request" means a MT103 or other SWIFT transfer instruction sent by Customer to Bank for onward processing. If SWIFT-Related services are accessed using SCORE, "Transfer Request" means a MT101 Request for Transfer instruction.

g. "SCORE" means the Standardized Corporate Environment, a SWIFT direct access corporate service which offers Customer a secure connection and standardized environment to manage Customer's payments and payment information.

2. Security Procedures. Customer shall comply with all security procedures established by Bank for the SWIFT-Related Services, including but not limited to, the SWIFT authentication procedures identified in the SWIFT User Handbook, as amended from time to time. Customer agrees that any such security procedures shall be deemed commercially reasonable. Customer understands that the security procedures are not intended for the purpose of detecting errors in the transmission or content of any Account Reporting, or of a Transfer Request controlled by Customer. Customer is solely responsible for maintaining its own internal security procedures to prevent errors or unauthorized access to Customer's computer systems by unauthorized employees, vendors or customers. Customer agrees to be bound by any Transfer Request that appears to have been sent by Customer that is processed by Bank in compliance with the agreed security procedures, whether or not authorized. Bank will use reasonable care in transmitting the Account Reporting but assumes no responsibility for the accuracy or timeliness of the information supplied by other financial institutions, the SWIFT network. Customer agrees to immediately notify and fully cooperate with Bank if it suspects or becomes aware of any breach or compromise of the security of the SWIFT-Related Services.

3. Transmission and Processing of Transfer Requests. Customer authorizes Bank to Execute all Transfer Requests delivered to Bank by Customer in compliance with the terms of this Agreement and any established security procedures. Customer shall adhere to formatting and processing requirements established by Bank. Customer authorizes Bank to use whatever means Bank, in good faith, deems reasonable under the circumstances to execute each Transfer Request, including selection of a funds transfer system, routing and means of transmission. Customer shall be responsible for the accuracy, completeness and timeliness of all Transfer Requests sent to Bank for Execution. Transfer Requests with settlement dates of more than thirty (30) calendar days from receipt may not be processed unless prior arrangements have been made. Customer is solely responsible for initiating Transfer Requests sufficiently in advance to meet Customer's contractual obligations to its vendors and/or customers. Bank shall not be responsible for any late payment or finance charges that may result from Customer's failure to allow sufficient lead-time to make a Transfer Request. Bank and any other financial institution may rely on the account, routing or BIC numbers in the Transfer Requests

even if such numbers do not correspond to the name of Customer, the Beneficiary or the Beneficiary Bank.

4. Amendment or Cancellation of Transfer Requests. Customer does not have the right to reverse, adjust or revoke any Transfer Request after it has been received by Bank; provided, however, that Bank will make a reasonable effort to act on such a request by Customer. With respect to a Transfer Request that has already been Executed, Bank shall, at Customer's request, request that the Beneficiary Bank return all or a portion of the funds. Customer understands that the Beneficiary Bank is under no legal obligation to comply with this request.

5. Rejection/Repair of Transfer Requests. Bank may reject a Transfer Request if: (i) it is not initiated or transmitted in accordance with the applicable security procedures; (ii) does not adhere to Bank's formatting or processing requirements; (iii) there is any inconsistency between a Transfer Request and information previously supplied to Bank; (iv) Customer's Transfer Requests exceed any applicable transaction limits established by Bank; (v) if there are insufficient collected funds in Customer's account to fund the Transfer Request; or (vi) Bank has other reasonable grounds not to honor the Transfer Request. Bank shall have no obligation to repair any Transfer Request it receives but may, in its absolute discretion, endeavor to do so.

6. Account Reporting. Bank may send notifications that allow Customer to receive advices relating to Customer's payments processed by Bank. Bank may also provide Customer with information on accounts maintained at Bank. If Customer elects to receive notifications and other account information via SWIFT, Customer shall exercise extreme care in maintaining its own security in the receipt of the notifications or information. Customer acknowledges that the data received via SWIFT may include confidential information, including, without limitation, names, amounts, phone numbers and account information. Customer further acknowledges that it alone assumes full responsibility for maintenance of its internal security procedures to keep such information confidential.

7. Limits on Bank's Liability. Bank will use reasonable efforts to provide notifications and information in a prompt fashion but shall not be liable for the temporary failure to provide timely data. Bank assumes no responsibility for any delays caused, or for inaccurate or incomplete information provided, by the SWIFT network or third-party banks with respect to payments and related information. Bank shall not be responsible for the acts or omission of Customer, the SWIFT network, any other financial institution or any other person. Payment to a foreign country is subject to the laws of the foreign country involved. Bank assumes no liability for foreign exchange risk, delays, non-delivery or other events resulting from causes beyond Bank's control.

8. SCORE. If Customer accesses the SWIFT-Related Services using SCORE, Customer shall additionally comply with applicable SWIFT agreements, documentation, user guides, security procedures and all other instructions and recommendations provided by SWIFT or by Bank in relation to the use of SCORE. Customer acknowledges that Bank does not regulate the setup and provision of SWIFT membership, joining the SWIFT network or SCORE, the SWIFT network security or the facilities necessary to access and use them. Customer represents that it is, and will throughout the term of this Service remain, an authorized SWIFT participant. Customer authorizes Bank to act on any instruction contained in a SWIFT message received by Bank through SCORE which appears to have been sent by Customer. In the event that Customer requests Bank to provide SWIFT-Related Services through SCORE to a parent company, subsidiary, affiliate or other commonly owned company, Customer agrees that it shall be jointly and severally liable for such related entity's obligations under this Agreement. Customer represents and warrants that such related entity is a duly authorized agent of the Customer and that the related entity is acting on behalf of Customer in its authorized capacity.

9. FileAct. If the FileAct service is offered by Bank and selected by Customer, Customer may use this service which enables the secure and reliable transfer of files to exchange batches of financial messages, reports, bulk payment files, images and other data over the SWIFT network. FileAct supports both interactive (real-time) and store-and-forward modes. Prior to implementation, Customer shall verify that Bank is capable of supporting the file formats and transaction types that Customer wishes to transmit. If the file format and transaction type is supported by Bank, Customer agrees that the processing of each file shall be additionally subject to all applicable Sections of the Agreement.

V. TERMS APPLICABLE TO SPECIFIC FOREIGN EXCHANGE SERVICES

The following are additional terms and conditions applicable to all Foreign Exchange Services offered by Bank including, but not limited to, spot, forward, swap and option transactions, whether physically deliverable or non-deliverable FX transactions. Bank may change the number or type of Services offered at any time.

1. Conflicting Provisions and Separate Disclosures. With respect to all foreign exchange transactions or other derivative products entered into by Customer, to the extent that any provision of this Agreement conflicts with a provision of any ISDA Master Agreement by and between Customer and Bank or any documents related thereto (the "ISDA"), the ISDA terms shall govern. Disclosures herein supplement other disclosures that Bank may provide Customer and any other agreements between Bank and Customer in connection with FX transactions, including, but not limited to, ISDA Master Agreement, USBNA Assessment and Agreement for Swap Transactions, the ISDA August 2012 DF Protocol, the ISDA March 2013 DF Protocol, the ISDA General Disclosure Statement for Transactions, the ISDA Disclosure Annex for Foreign Exchange Transactions, and the U.S. Bank National Association Foreign Exchange Disclosures.

2. Foreign Exchange Risk. Many banking and finance transactions carry risk. All foreign exchange transactions, including but not limited to, swaps, options, forwards, foreign exchange transactions currency accounts, and other similar derivatives and related products involve unique risks specific to the nature of these types of transactions and the currency market. These types of transactions are not suitable for all Customers. Customer should fully understand the nature and extent of exposure to risk of loss, if any, which in some circumstances may significantly exceed the amount of any initial payment made by or to Customer. All decisions to enter into foreign exchange transactions should be made by Customer giving appropriate consideration to Customer's experience, objectives, financial resources and business environment. Bank will be truthful in its statements about any facts, but statements made by Bank should not be construed as recommendations or advice.

3. Arm's Length Transactions. Bank is a dealer and market maker in the foreign exchange market. As such, Bank engages in price quoting, order taking, trade execution and other related activities with counterparties and other dealers and for Bank's own account. Unless otherwise agree by Bank in writing, Bank acts as a principal on an arm's length basis, does not act as Customer's agent, broker, fiduciary, financial advisor or in any similar capacity when engaging in FX transactions with Customer, nor will Bank perform the duties associated with these roles.

4. Pricing. Many factors affect foreign exchange pricing, including but not limited to, the size and nature of the transaction, credit, capital and funding costs, applicable trading venue or platform and the manner that such trading platform or venue is utilized, settlement risk, operational considerations, regulatory requirements, relationship factors such as the amount and nature of service provided and volumes traded by Customer, the type of trade request, and business costs such as fees related to exchanges, brokers or other intermediaries. Market conditions, such as demand, frequency, timing and volatility, also affect foreign exchange pricing. These factors in pricing may result in Bank offering different prices to different customers for the same or similar FX transactions. Unless otherwise agreed, prices quoted by Bank on all FX transactions (actionable and indicative) are an "all in" price that typically includes Bank's bid or offer spread for the requested transaction and an amount to compensate Bank based on the many factors set forth above. These components will not be separately disclosed unless required by law. Bank's pricing may not be reflective of prices being offered by other dealers. During extreme market conditions, such as liquidity events, the notional size and price levels Bank offers may not match levels provided in normal market conditions.

A. ELECTRONIC FOREIGN EXCHANGE SERVICES

1. Introduction. Bank may provide foreign exchange services to Customer in connection with one or more web-based services, via private Internet site owned and operated by Bank ("EFX"). If requested by Customer and agreed to by Bank, Bank will provide such services in accordance with this Agreement and other terms and procedures provided to the Customer. Customer agrees that Customer's use of EFX and all

transactions initiated thereby shall be governed by this Section, all other relevant sections of the Agreement and any other related disclosures provided to Customer, in either paper or electronic format. EFX shall be available only during hours as established by Bank, which may vary by day or location. Notwithstanding anything to the contrary herein, Bank does not confirm that the person authorizing any EFX transaction is an Authorized Signer or is otherwise authorized to conduct any EFX transaction on behalf of Customer.

2. Access Devices. Once Bank has granted Customer access to any EFX system, System Administrator(s) designated by Customer in the Implementation Documents will be provided with one or more access devices, which may include cards, identification numbers and/or passwords. Customer shall use all EFX services in accordance with the security procedures set forth in this Agreement.

3. Trades.

a. General Procedures. Within the applicable EFX platform, Customer informs Bank that Customer wishes to purchase or sell a stated amount of currency against a second currency on a designated date ("Settlement Date") either unconditionally or at a displayed exchange rate, if one may be obtained ("Trade"). Any transaction that results following the submission of a Trade shall be Customer's legally binding obligation. Trades submitted to Bank via an EFX platform shall be effective only upon acceptance by Bank. Bank will establish from time to time specific times of day after which Trades will not be processed on a "same-day" or "next-day" basis. Trades submitted after Bank's deadline will be considered received on the next business day. Deadlines will differ depending on the Trade currency and other factors. Market movements could occur while systems are processing Customer's transaction. These market movements may be in Customer's favor or against Customer's position and will be reflected in the execution price.

b. Confirmation. Bank shall make reasonable efforts to provide information and status of the terms of any Trade on the EFX platform or by other means established by Bank. Failure by Bank to confirm a Trade for any reason, including without limitation computer malfunction, shall not excuse Customer's obligations related to any Trade. Bank's internal records with respect to each Trade shall constitute conclusive evidence of the terms of each Trade. The terms of each Trade shall be incorporated into and become part of this Agreement.

b. Settlement Instructions and Payment. Once a Trade has been made, Customer agrees to make payment or delivery of currency to Bank on the Settlement Date of the Trade in accordance with the settlement instructions provided by Customer, plus any applicable fees or charges. Bank expects that all trades will settle via standing settlement instructions. Customer is solely responsible for the accuracy and completeness of any settlement instructions delivered to Bank through EFX and such settlement instructions are subject to the concurrence of Bank. Any change to Customer's standing instructions must be completed on the platform no less than three business days prior to settlement. Failure to do so may result in settlement after value date and a claim for compensation or use of the previously applicable settlement instructions and a claim for compensation. Bank strongly discourages the use of third-party payments to settle foreign exchange transactions. Third-party payments will only be permitted in certain instances in the sole discretion of Bank. Requests for third-party payments will require all information requested by Bank in connection with anti-money laundering regulations and policies. Settlement instructions for approved third-party payments must be provided on the platform no less than three (3) business days prior to settlement. Settlement instruction provided after this time or incorrect or incomplete instructions may result in settlement after the value date or use of the previously applicable settlement instructions. Should Customer instruct Bank to settle a Trade by debiting an account, Customer agrees to maintain sufficient available funds in the account to settle on the Settlement Date. Should funds be insufficient to settle the trade on the Settlement Date, Bank reserves the right in its sole discretion to debit any of Customer's account with the Bank in the amount of Trade, subject to applicable account fees and charges, or to terminate the Trade.

c. Cancellation or Change. Customer acknowledges and agrees that Customer shall have no right to cancel or reverse a Trade once submitted. Bank will, however, make reasonable efforts in its sole and complete discretion to cancel or amend the terms of a Trade upon Customer's request. Should a Trade be successfully canceled or amended, Customer agrees to reimburse Bank for any breakage costs and other expenses incurred by Bank to cancel or amend the Trade, including any fees imposed for this extraordinary service. Bank reserves the right to adjust the exchange rate on any Trade requiring a new Settlement Date to reflect any costs associated with carrying that Trade to a new Settlement Date.

4. Funds Transfers. Customer authorizes Bank to execute and charge the designated Customer account(s) for wire transfer payment orders delivered to Bank via any EFX service. Customer agrees that all such wire transfer payment orders will be governed by the relevant Sections of this Agreement.

5. Representations and Warranties. Customer represents and warrants to Bank as of the date of this Agreement and as of the date of each Trade that: (i) Customer is authorized to enter into this Agreement and any Trade, (ii) the persons entering into the Agreement (and each Trade) on Customer's behalf have been duly authorized to do so, (iii) the Agreement (and each Trade) is binding and enforceable against Customer in accordance with its terms, (iv) no Termination Event has occurred or is continuing, and (v) Customer is acting as principal with respect to each Trade.

6. Close-Out Events. Each of the following events shall constitute a close-out event under this Agreement (each a "Close-Out Event"): (i) failure by Customer to pay Bank for any amounts due under this Agreement or any Trade, (ii) any voluntary or involuntary insolvency proceeding (including without limitation any proceeding under any bankruptcy, insolvency or other similar laws governing the operations of Customer) shall have been commenced against Customer, (iii) Customer fails, or is otherwise unable, to pay its debts as they become due, (iv) Customer disaffirms, disclaims or repudiates any Trade, (v) any representation made by Customer under this Agreement shall prove to have been false or misleading in any material way at the time that it was made, or (vi) Customer shall be in default of any agreement between Customer and Bank or its subsidiaries or affiliates.

7. Rights Upon Close-Out Event. If a Close-Out Event has occurred, Bank shall have the right to terminate this Agreement and, upon notice to Customer, close out all outstanding Trades on a date specified by Bank (the "Close-Out Date"). In such event, Bank shall liquidate such Trades by calculating in good faith the gain or loss of all Trades as follows: (i) determine the close out amount of each Trade, which shall be equal to the sum of the face value of each Trade in a particular currency with a Settlement Date that is the same or later than the Close-Out Date and the face value of each Trade in the same currency with a Settlement Date prior to the Close-Out Date, plus interest at the Fed Funds rate from and including the Settlement Date, but excluding the Close-Out Date, (ii) convert the close out amount of each group of like currency Trades into U. S. Dollars at the rate of exchange at which, at the time of the calculation, Bank may buy U.S. dollars with or against currency of each closed out Trade, and (iii) determine for each Trade the sums that would have been owed by Customer to Bank and the sums that would be owed by Bank to Customer (adjusted to present value by discounting the gain or loss at the Fed Funds rate from and including the Settlement Date, but excluding the Close-Out Date). The preceding amounts shall be aggregated, so that all such amounts are netted into a single liquidated amount payable to or by Bank. Customer shall pay on demand any amounts owing to Bank pursuant to this Section and Bank's calculations shall be conclusively binding against Customer, absent manifest error.

B. FOREIGN CURRENCY ACCOUNTS

1. Introduction. If requested by Customer and agreed to by Bank, Customer may open a Foreign Currency Account ("FCA") at U.S. Bank National Association ("Standard FCA").

2. Permitted Deposits. Bank may accept the following for deposit into FCA:

a. Proceeds of matured foreign exchange purchase contracts;

b. Proceeds of foreign currency denominated letters of credit or documentary collection;

c. Incoming international funds transfers;

d. Proceeds of loan disbursements; or

e. Foreign checks and other items subject to collection, which may not be available until funds are received by Bank.

Bank will not accept currency or coin for deposit into FCA. Deposits not specifically enumerated above may be allowed if agreed to by Bank in writing. Only collected and verified funds can be deposited into FCA, whereupon funds will be immediately available for withdrawal or transfer by Customer.

3. Withdrawals. Customer can make withdrawals out of FCA in the following ways:

a. Settlement of a foreign currency exchange sale contract;

b. Negotiation of foreign currency denominated letters of credit or documentary collection;

c. Outgoing international funds transfers by wires initiated in accordance with Bank procedures; or

d. Payment of a foreign currency loan.

Each of these methods of making a withdrawal will result in an immediate debit to the FCA for the entire amount Customer has elected to withdraw from such FCA.

4. Interest. Interest rates offered on FCAs are determined in Bank's discretion based on the applicable currency. Such interest rates may be set at zero or at a negative interest rate. Interest is calculated based on the average daily balance method. The average daily balance method is an annualized rate that reflects the relationship between the amount of interest each fiscal month and the average daily balance in the account for such fiscal month. Negative interest may be assessed as a fee based on the interest rate set by the applicable monetary authority plus the incremental cost of funding to U.S. Bank.

5. Denomination. Customer will elect the denomination of each FCA on a separate account opening document. Transfers of funds into and out of FCA in the currency in which that particular FCA is denominated will be made without regard to the equivalent value of that sum of foreign currency in U.S. dollars or other foreign currencies. Transfers of funds into and out of FCA in a currency other than the currency in which that particular FCA is denominated may be accommodated by the Bank in its discretion. Such transfers will be made at the prevailing exchange rate determined by Bank.

6. Non-Business Days. In addition to non-Business Days specified in the Agreement, there will occasionally be other days on which Bank cannot process or complete a transaction due to holidays in foreign countries.

7. Other Terms. Bank may refuse a deposit, limit the amount which Customer may deposit, return all or any part of a deposit or require that Customer close FCA at any time. Bank may also close FCA without prior notice and remit to Customer any balance remaining after taking into account all pending debits and charges against such FCA.

8. Foreign Currency Account Risks. Investing in any currency other than the base currency of the Customer carries risk. The value of the balances in such accounts may be significantly affected by changes in currency exchange rates. Some other risks of maintaining foreign currency balances include, but are not limited to: the effects of a different economic system in a foreign country, future political and economic developments, possible imposition of exchange controls or other government restrictions, and with respect to certain countries, the possibility of expropriation or confiscatory taxation, political or social instability, or diplomatic developments which could adversely affect the value of the currency. Should Bank's balances in a foreign country become blocked or withdrawals by Bank become otherwise restricted, Customer's funds in the FCA will likewise be blocked or otherwise restricted.

WHILE DEPOSITS IN FCAS MAY BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") UP TO A MAXIMUM AMOUNT ALLOWED BY LAW, CUSTOMER IS NOT PROTECTED BY BANK AGAINST FOREIGN CURRENCY EXCHANGE RATE FLUCTUATIONS OR FROM INABILITY TO ACCESS FUNDS FROM FOREIGN REGULATIONS BY THE FDIC INSURANCE, OR ANY OTHER INSURANCE OR GUARANTY PROGRAM.

9. Limitations on Liability. In addition to other limitations on liability set forth in this Agreement, Customer expressly releases and holds harmless Bank, and its affiliates, agents and employees, from any liability, loss, damage or claim related to currency exchange rates or fluctuations in value of the currency in which the applicable FCA is denominated with respect to the U.S. dollar and other currencies. Customer hereby assumes all risks related to currency exchange rates and fluctuations in currency values, including that the foreign currency in FCA might be worth less, in U.S. dollars or other foreign currencies, than the U.S. dollar or other foreign currency equivalent of such funds at the time deposited into the FCA. Bank makes no warranty and no representation about the value of any FCA balance at any time.

VI. TERMS APPLICABLE TO SPECIFIC MONEY CENTER AND SAFEKEEPING SERVICES

The following are additional terms and conditions applicable to specific Money Center and Safekeeping Services offered by Bank. In the event of a conflict between this Section VI and any other provision of this Agreement, Section VI shall govern. Bank may change the number or type of Services offered at any time. Customer shall not be bound by the terms and conditions for the specific Services described in this Section VI to the extent Customer is not using such Service(s).

Municipal Advisor Rule Disclosure. This disclosure applies to Customer if Customer is classified as a municipality or an "obligated person" under the Municipal Advisor Rule. For purposes of Section 15B of the Securities Exchange Act of 1934 (the "Act") (SEC Rule 15Ba1-1 et seq.) (the "Rule"), Bank: (1) is not recommending and will not recommend an action to Customer; (2) is not providing and will not provide "advice" to Customer as defined in the Rule, and any information or communication from Bank in respect of Customer's accounts with the Money Center or the Safekeeping Departments of Bank or in respect of any securities transaction or potential securities transaction to be executed via such account(s) is not intended to be and should not be construed as "advice" as defined in the Rule; and (3) is not acting as an advisor to Customer and does not owe Customer any fiduciary duty pursuant to Section 15B of the Act or otherwise with respect to any such account(s), information, communication, transaction or potential transaction. Customer should discuss any information or material provided to Customer by Bank in connection with trading, investing or other activity in the such account(s) with any and all of Customer's internal or external advisors and experts that Customer deems appropriate before acting on any such information or material.

A. INVESTMENT, DEPOSITORY AND SAFEKEEPING SERVICES

From time to time, Customer may effect securities transactions or establish deposits with Bank's Money Center Department and/or request safekeeping services from Bank's Safekeeping Department. All such transactions shall be subject to the terms and conditions of this Agreement.

1. Definitions.

a. "Confirmation" means the confirmation statement from Bank as described in this Agreement.

b. A "Money Center deposit" means an interest-bearing demand deposit account, a money market deposit account ("MMDA"), a time deposit, or other deposit liability of Bank to Customer established under this Agreement and maintained in Customer's Money Center investment account.

c. "Safekept Securities" means securities that Bank has agreed to accept and hold for the account of Customer under the terms of this Agreement.

d. The term "securities" means all securities (as Defined in the Securities Exchange Act of 1934) and all investment securities or products from time to time offered by Bank to Customer, other than certificates of deposit issued by Bank and deposits made with Bank.

e. "Settlement Account" means any settlement account(s) designated by Customer or any replacement account identified by Customer in a written notice delivered to Bank.

2. Securities Transactions: Compensation and Capacity of Bank.

a. In General. In any securities transaction governed by this Section VI.A, Bank may be acting as principal, riskless principal, or agent. Bank's capacity in any securities transaction will be indicated on the Confirmation.

(i) As Principal. When acting as a principal in securities transactions, Bank will either buy securities for its own account or sell for its own account securities owned by Bank, whether such securities are bought before or after receiving Customer's order. Bank's compensation is reflected in the price at which Bank buys or sells the securities.

(ii) As Riskless Principal. When acting as a riskless principal in securities transactions, after receiving from Customer an order to buy or sell securities, Bank will buy or sell securities for its own account to offset the sale to or purchase from Customer. Bank's compensation is reflected in the price at which Bank buys and sells the securities.

(iii) As Agent. When acting as Customer's agent in securities transactions, Bank will buy or sell securities solely for Customer's account. Bank's compensation due from Customer is the amount of any agency service charge indicated on the Confirmation.

b. Service Fees. In addition to compensation received as a principal, riskless principal or agent, Bank may charge Customer service fees in relation to securities transaction as specified in the current fee schedule as provided to Customer, which may be amended from time to time upon notice to Customer.

c. Other Compensation; Bank Securities**.** Bank may be paid a fee or other compensation by any other party in connection with any securities transaction, and any such fee or compensation will be in addition to fees payable by Customer to Bank under this Agreement. Such additional compensation may include, without limitation, advisory, custodial, distribution and/or shareholder service fees (which may be paid as service fees pursuant to Rule 12b-1 under the Investment Company Act of 1940) that Bank or its affiliates may receive from various mutual funds and/or mutual fund service providers, based upon moneys invested in the funds. Customer acknowledges that those fees or other compensation may be paid to Bank for such services, and that such payments will not reduce or offset any fee or compensation due from Customer to Bank under this Agreement. Further, Customer acknowledges that securities Customer acquires through Bank may directly or indirectly (including through mutual or money market funds) represent an ownership interest in securities issued by Bank or its affiliates or by funds sponsored by Bank or its affiliates.

3. Money Center Deposits.

a. In General. If Customer elects to deposit funds through the Bank's Money Center Department, that Money Center deposit shall be maintained within Customer's Money Center investment account. Bank will provide Customer with a Confirmation upon Customer's placement of funds, and the deposit transaction will be reflected on Customer's Money Center account statement. With the exception of Eurodollar deposits (which are not deemed deposits under rules promulgated by the FDIC and therefore are not insured by the FDIC), Money Center deposits are FDIC insured per depositor, up to applicable FDIC limits. By opening and maintaining a Money Center deposit, Customer agrees to be bound by this Agreement.

b. Access to Funds. In addition to any other restrictions specified elsewhere in this Agreement, Customer shall not be allowed to make withdrawals or transfers from a Money Center deposit at a U.S. Bank branch or ATM or via check. No debit or ATM cards will be issued on a Money Center deposit. Customer shall be permitted to make withdrawals or transfers from a Money Center deposit only by contacting the Money Center Department in the following manner: telephone, facsimile, email, or via an online system provided or approved by Bank.

c. Notice of Withdrawal. Bank reserves the right to require at least seven (7) days written notice prior to withdrawal or transfer of funds from an MMDA, unless otherwise specified on the Confirmation for the Customer's placement of funds. Customer must provide such notice to Bank's Money Center Department by 3:00 PM Central Time via telephone, email, or fax.

4. Pledges; Segregation.

a. Pledges. Upon request of Customer, Bank can provide a form of control agreement suitable for transactions where Customer wishes to grant to third parties a lien, pledge or other rights over its property held by or at the Money Center or Safekeeping Departments at Bank. Customer agrees that all costs of Bank, including reasonable fees and expenses of outside counsel if deemed necessary by Bank, will be at Customer's expense if such a control agreement is requested, whether or not a final agreement is entered into.

b. Segregated Assets. Where Customer wishes to effect transactions hereunder on behalf of its customers using the property of such

customers, Customer will first notify Bank in writing of its intention to do so before effecting any such transactions. Customer acknowledges that Bank may require one or more additional agreements in order to accept such transactions. Once acceptance of such transactions has been approved by Bank, Customer agrees to include in its instructions to Bank an agreed identifier or designation as to the applicable securities, deposits and transactions.

5. Securities Transaction Requests.

a. Effecting Transactions. Each securities transaction will be effected pursuant to Customer's instructions made verbally, by fax or sent electronically via email or a trading system provided or approved by Bank. Emailed instructions must be directed to Bank's email address as designated from time to time by Bank, and fax instructions must be directed to Bank's fax number as designated from time to time by Bank. Securities transaction requests may be acted upon by Bank without acknowledgment by Bank that it has received such request.

b. Cut-Off Times. Bank establishes cut-off times for receipt of securities transaction requests depending on the type of security and the market in which it is traded. In addition, market holidays, procedural or operational matters, and actions taken by market operators may affect Bank's ability to process securities transaction requests. Customer instructions for same day settlement received before the applicable cut-off time will be submitted for processing that Business Day. Customer instructions for same day settlement received after the applicable cut-off time may be processed by Bank on a 'best efforts' basis that Business Day and otherwise will be submitted for processing the next Business Day.

c. Bank's Rights. Bank may reject, refuse to honor, or reverse all or any portion of any transaction request, with or without prior notice to Customer. If Customer fails to pay in full for any security purchased or fails to deliver security sold, in each case on or before the related settlement date, Bank is authorized in its discretion and without notice or demand to take any one or more of the following actions: cancel the transaction; sell the securities covered thereby; buy-in cover securities or other property required to make delivery; charge the Settlement Account for amounts due; hold Customer liable for any loss, cost or expense including but not limited to, breakage or pair-off fees and the capital charge and interest cost to carry any securities purchased; and/or impose fees.

6. Safekept Securities. Bank, acting through its Safekeeping Department, agrees to hold and keep as custodian hereunder all Safekept Securities, and to deliver such Safekept Securities in accordance with the instructions of Customer, all subject to the terms and conditions of this Agreement.

a. Acceptance and Withdrawal. Securities eligible to be Safekept Securities may be delivered to Bank, and any Safekept Securities may be withdrawn from Bank, in each case upon an instruction of Customer delivered in accordance with this Agreement. Withdrawal or delivery of Safekept Securities is subject to availability (e.g., among other reasons, securities involved in a corporate action or in frozen status, restricted securities or pledged securities may not be available for withdrawal or delivery). Bank shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by Customer or, in the absence of such designation, selected by Bank to receive or deliver securities for the account of Customer.

b. Registration; Depositories. Bank shall register Safekept Securities in nominee name and may from time to time change the registration of Safekept Securities from nominee name to Customer's name, or vice versa. Customer agrees that it will timely complete any necessary documentation provided by Bank to change the registration of Safekept Securities. Safekept Securities held in nominee name may be deposited with The Depository Trust Company or other third-party depository acceptable to Bank. Securities that are depository eligible will be held at the depository in the depository's nominee name.

c. Securityholder Information. Unless otherwise required by law or pursuant to instructions from Customer, in no event shall Bank be responsible to take any action concerning any puts, calls, conversions, exchanges, reorganizations, offers, tenders or other corporate actions or similar matters relating to Safekept Securities, other than (i) to forward to Customer in accordance with this Agreement the written information received by Bank relating to any such transaction, and (ii) follow Customer's lawful instructions with respect to such actions. Customer may directly vote any proxy or other corporate action, or if it instructs Bank to vote on its behalf, agrees that any instructions to Bank with respect to any such actions shall be delivered to Bank within sufficient time for Bank to act thereon if any action is required. Safekept Securities called for redemption prior to maturity will be presented by Bank for payment provided the trustee or other appropriate entity gives Bank adequate notice of redemption. Should any Safekept Security be called for partial redemption by the issuer of such security, Bank is authorized to accept the allocation applied by any central depository. In the event Bank has to allocate any redemption among its accounts, Bank shall allot the redemption proceeds in accordance with its standard procedures therefor, effected in such manner as it deems appropriate in its sole discretion.

d. Collection of Income and Principal. Bank shall collect and receive the interest, principal and other income payable in connection with the Safekept Securities, and shall pay to Customer or credit to the Settlement Account all such amounts. Bank shall not be obligated (i) to pay to Customer or credit to the Settlement Account any payment of interest, principal or other income until Bank receives such payment in immediately available funds or (ii) to institute or participate in any collection proceedings or other proceedings to enforce Customer's rights relative to any Safekept Securities or to pursue any remedies on behalf of Customer. Bank is hereby authorized to sign on behalf of Customer any declarations, affidavits, certificates of ownership or other documents relating to securities held by Bank in nominee name that may at any time be required with respect to all coupons, registered interest, dividends or other income. If any of Customer's deposits or securities the subject of this Agreement, including Safekept Securities, are subject to a variable or fixed rate of interest and such deposits or securities bear an interest rate less than zero, Customer agrees to pay Bank all amounts of the negative interest or fees that Bank imposes as compensation for the less-than-zero interest rate (which may also be debited from the Settlement Account by Bank), and Customer agrees that the principal amount of such Safekept Securities may be reduced to the extent necessary to cover the amount of the negative interest or fees if available funds are not otherwise provided by Customer.

e. Return of Payments. Customer will repay Bank, or Bank may charge the Settlement Account, in the event that for any reason (i) Bank is required to return to the issuer or to a third party any payments in respect of Safekept Securities, (ii) Bank fails to receive from the issuer or appropriate other party a payment Bank paid to Customer in respect of Safekept Securities, or (iii) Bank must return to the issuer or appropriate other party a payment Bank paid to Customer in respect of Safekept Securities. Customer further agrees that the principal amount of any Safekept Securities may be reduced, and any remittances due from Bank to Customer (whether or not under this Agreement), and any other accounts of Customer with Bank, may be offset to the extent necessary to cover the amount of such returned payments to the extent that immediately available funds are not otherwise provided by Customer to Bank.

7. Confirmation Statements. Promptly after effecting any transaction pursuant to this Section VI.A, Bank will deliver to Customer a Confirmation which shall identify at least (i) Bank and Customer, (ii) the trade and settlement dates of the transaction, (iii) the issuer and par amount of the related securities (for securities transactions) and the principal amount of any deposit (for deposit transactions), (iv) the interest rate if applicable and/or any discount rate applicable to any securities transactions or deposit transactions, (v) the maturity date of the transaction, if applicable, (vi) the capacity of Bank as principal, riskless principal or agent (if the transaction is a securities transaction) and, if applicable, whether the securities will be Safekept Securities, (vii) any terms and information required by applicable law, and (viii) any other terms and information which Bank may include at its discretion. The information contained on the Confirmation shall be considered true and correct and conclusively binding upon Customer unless Customer notifies Bank of any error therein within three (3) business days after the date the Confirmation is deemed delivered to Customer in accordance with this Agreement. Customer may, by notice from an Authorized User in accordance with this Agreement, elect to receive Confirmations by mail, fax, email, or other electronic

means including posting to a password-protected website), subject to the terms of this Agreement.

8. Settlement Account. Unless Bank is otherwise instructed in writing, Customer unconditionally authorizes, empowers, and directs Bank (and authorizes and directs Bank to communicate with any financial institution maintaining the Settlement Account as necessary) to: (i) debit the Settlement Account on the settlement date indicated on the Confirmation for the full amount of each transaction effected under this Section VI.A (including all fees and charges payable hereunder), notwithstanding that such debit may cause the Settlement Account to be overdrawn; and (ii) credit the Settlement Account with interest payments, principal payments, maturity payments or other payments received in respect of transactions effected under this Agreement. Customer hereby represents and warrants that instruction from any Authorized User is sufficient to authorize Bank to debit or credit the Settlement Account. If the Settlement Account is not held by Bank, Customer confirms to Bank that it has authorized the financial institution maintaining the Settlement Account to accept debit and credit entries to the Settlement Account and that no such authorization will be cancelled except with prior notice to Bank and in sufficient time and in such manner as to allow the financial institution maintaining the Settlement Account and Bank a reasonable opportunity to act on such termination without disruption of any transactions or services under this Agreement. Customer acknowledges that ACH payments to a Settlement Account not held by Bank are subject to ACH processing timelines, which may involve a delay in available funds.

9. Delivery. Through the instructions of an Authorized User, Customer shall specify the account to which any securities purchased hereunder are to be delivered. If such account is maintained by the Safekeeping Department of Bank, the securities will be held in accordance with this Agreement. If such account is maintained by an institution other than Bank, Bank's responsibility for ensuring delivery shall be limited to accurately conveying the instructions for the appropriate delivery account to the depository, agent or issuer of the securities, as applicable for the particular type of securities. Bank will issue no certificate, passbook, or any other evidence of any deposit except for the Confirmation.

10. Interest. All securities, Money Center deposits, and certificates of deposit purchased by Customer or held by Customer under this Agreement shall earn interest on the principal balance from the date of deposit or settlement date, as applicable, computed at the rate and in the manner established by Bank from time to time for the given product. Any interest due will be credited monthly unless otherwise agreed to by Customer and Bank. No interest shall accrue on the date of withdrawal. Bank reserves the right to change the applicable interest rate on variable rate products (including those products whose underlying interest rate is not managed by Bank) at any time. Such interest rate may be set at zero or an interest rate less than zero. If the interest rate, or the index or other referenced rate upon which the interest rate is based, is at any time less than zero percent, Customer agrees to pay Bank all amounts of the negative interest or fees that Bank imposes as compensation for the less-than-zero interest rate. Bank will not provide notice of rate changes, but Customer may call the Money Center Department to obtain current rate information. Bank shall notify Customer of the applicable interest rate and maturity term for the product opened under this Agreement at the time that the request for such product is made.

11. Fixed Investment Periods. Customer acknowledges that certain products held by Bank under this Agreement have fixed investment periods, and agrees that such products will be held by Customer until their maturity dates or through their commitment dates. Customer agrees that if it withdraws part or all of such product before such date, Bank shall be entitled to impose a penalty (including by debiting the Settlement Account for such amounts) in accordance with the terms of such product or the fee schedule provided to Customer, as applicable, and that the principal amount of such product may be reduced to the extent necessary to cover such penalty if available funds are not otherwise provided by Customer.

12. Repurchase Transactions. Customer shall not effect any securities transactions under this Agreement in the expectation of entering into a repurchase transaction with Bank as counterparty unless Customer shall first have executed and delivered to Bank a written master repurchase agreement, in form and substance satisfactory to Bank, governing such transactions. In any such transaction, where Bank is to hold securities as collateral or as the subject of a transaction, such securities will be held by the Safekeeping Department of Bank subject to the terms of this Agreement, unless Customer is otherwise notified. To the extent of any inconsistency between the terms of any such agreement and the terms of this Agreement, the terms of such other agreement shall control.

13. Fees and Expenses. Customer shall pay to Bank such fees in respect of the services provided under this Agreement, as disclosed to Customer on the current fee schedule (which fee schedule may be amended from time to time by Bank). If the fee schedule is amended, the amended fees will apply to any Safekept Securities being held at that time, and to any securities transactions effected on the day such amendment becomes effective. Customer agrees to pay, and agrees and acknowledges that Bank may debit the Settlement Account for any fees and other amounts owing by Customer to Bank under this Agreement, or exercise an offset for such amounts against any funds of Customer on deposit with Bank, or against any interest, principal or other income received or to be received by Bank on behalf of Customer, whether or not in respect of Safekept Securities. In addition, Customer agrees to reimburse Bank for its commercially reasonable out-of-pocket expenses for providing the services hereunder, including, but not limited to the reasonable fees and expenses of outside counsel if retained by Bank in its discretion in connection with this Section VI. If Customer fails to pay Bank any sums due under this Section VI within thirty (30) days after the same are due (whether or not a late notice is sent to Customer by Bank), Bank may terminate this Agreement and return any Safekept Securities to Customer at Customer's expense, and to avail itself of any other remedy it may have in law or in equity.

14. Service Termination; Account Closure. Subject to Section VI.A.11 ("Fixed Investment Periods"), Customer may terminate the Service(s) described in this Section VI or close its Money Center investment account at any time upon prior notice to Bank. Bank may terminate the Service(s) described in this Section VI or close Customer's Money Center investment account at any time without prior notice to Customer. If any Service described in this Section VI is terminated or Customer's Money Center investment account is closed for any reason, Customer will continue to be responsible for any obligation incurred by Customer prior to termination or closure and for the fees and costs, if any, payable under this Agreement with respect to delivery of Customer's securities (including Safekept Securities) or funds held by Bank to Customer or to another financial institution.

15. Notices. Except for oral instructions to Bank from Authorized Users or from Bank to Authorized Users, all notices, disclosures and communications (including Confirmations) under this Section VI shall be in writing and delivered by mail, fax, email or other electronic means as provided for in this Agreement. Notices, disclosures and communications (including Confirmations) shall be deemed delivered upon transmission of the same by mail, fax, email or other electronic means as provided for in this Agreement, or on the third (3rd) Business Day after deposit of the same in the United States mail, postage prepaid, and addressed to the mailing address provided by Customer. All written confirmations, notices, instructions, or other communications from Customer to Bank shall be sent to following address (which may be amended from time to time by Bank upon notice to Customer):

For securities transactions:
U.S. Bank National Association
Money Center Department
800 Nicollet Mall, BC-MN-H18T
Minneapolis, MN 55402
Fax: (866) 904-7067
Email: Money.Center.Sales@usbank.com

For safekeeping services:
U.S. Bank National Association
Safekeeping Department
800 Nicollet Mall, BC-MN-H18R
Minneapolis, MN 55402
Fax: (612) 303-0202
Email: Safekeeping@usbank.com

16. Terms and Conditions of Electronic Delivery. All notices, disclosures and communications (including Confirmations and other

account information) from Bank may be delivered to Customer by electronic means (including, without limitation posting to a password-protected website) to the extent Customer elects to receive such information through electronic means, subject to the Terms and Conditions of Electronic Delivery set forth in Section VI.B below. Customer agrees that sending information in this manner will constitute good and effective delivery of the information to Customer, regardless of whether Customer actually accesses the website or other electronic medium containing the information.

17. No Investment or Tax Advice. Customer acknowledges that Bank's role is ministerial in nature and that Bank will not provide supervision, recommendations, or advice to Customer in connection with the investment, purchase, sale, retention, or other disposition of any securities or Money Center deposits, or the advisability or suitability of any product or transaction. Customer is responsible for evaluating the risks associated with such decisions. Customer acknowledges Bank is not an investment adviser, has no investment discretion, and will merely carry out instructions as directed by Customer. Bank's ability to determine interest rates on securities or Money Center deposits shall not be deemed to be discretion or advice. Customer further acknowledges that Bank will not provide advice to Customer regarding the tax implications associated with the investment, purchase, sale, retention, or other disposition of any securities or Money Center deposits.

18. ERISA. If assets of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), are intended to be deposited, invested or used by Customer in a transaction under this Section VI.A, Customer shall notify Bank prior to effecting such deposit, investment or transaction and will provide Bank with such additional information as Bank may reasonably request. Customer represents and warrants to Bank that any deposit, investment, or transaction pursuant to this Section VI.A shall not result in a "prohibited transaction" under ERISA or shall otherwise be exempt under ERISA, and Customer further agrees to indemnify and hold Bank harmless from any loss or claim arising therefrom.

19. No Representation or Warranty. Customer acknowledges and agrees that Bank makes no representation or warranty, express or implied, with respect to the validity, enforceability, collectability or investment quality of any securities bought or sold hereunder, or any deposits made or terminated hereunder.

20. Records; Account Statements; Taxes. Bank will maintain records of Customer's account and provide customer with a Confirmation for transactions in accordance with this Section VI.A and periodic account statements. Bank will also send to Customer such notices and reports as are required by law. Customer acknowledges and agrees that it is Customer's obligation to prepare and file all required tax returns and to pay all taxes due on any income that Bank collects for Customer.

21. Set Off. Bank has the right to apply funds in Customer's Money Center investment account or Settlement Account to any debt Customer owes Bank. A debt includes any fees, overdrafts, debts that now exist and debts that Customer may incur in the future, or Customer's obligations under a guaranty. When Bank sets off a debt Customer owes Bank, Bank reduces the funds in the Money Center investment account or Settlement Account by the amount of the debt. Bank is not required to give Customer any notice before exercising its right of setoff. Customer agrees to hold Bank harmless from any claim arising as the result of Bank's enforcement of its right of setoff against Customer's Money Center investment account or Settlement Account. This right of setoff is in addition to any security interest that Bank might have in Customer's Money Center investment account or Settlement Account.

22. Legal Process. Legal process includes any levy, garnishment or attachment, tax levy or withholding order, injunction, restraining order, subpoena, search warrant, government agency request for information, forfeiture or seizure, or any other legal process relating to Customer's Money Center investment account or Settlement Account. Bank may accept and act on any legal process Bank believes to be valid, whether the process is served in person, by mail, by electronic notification, or at a banking location. If Bank incurs any fees or expenses (including attorneys' fees and expenses) due to responding to legal process related to Customer's Money Center investment account or Settlement Account, Bank may, in its sole discretion, charge these costs to any other deposit account Customer maintains with Bank. All legal process is subject to Bank's rights of setoff and security interest in Customer's Money Center investment account and/or Settlement Account.

B. TERMS AND CONDITIONS OF ELECTRONIC DELIVERY

The following sets forth the terms and conditions of use of Bank's electronic delivery and notification service (the "Electronic Delivery Service") in connection with account(s) with Bank's Money Center Department or Safekeeping Department.

The Electronic Delivery Service described in this Section VI.B shall constitute an Internet Service as defined in Section III of this Agreement and shall be subject to the terms set forth therein, as well as any other agreements between Customer and Bank and any applicable laws or regulations. If there is a conflict between the terms and conditions set forth in this Section VI.B and the terms and conditions of any other section of this Agreement or any other agreement between Customer and Bank as they relate to the Electronic Delivery Service, the terms and conditions set forth herein will control.

1. Electronic Delivery of Account Communications. Customer may elect to receive Account Communications (defined below) related to Customer's account(s) electronically. All Account Communications will be delivered electronically by posting to Bank's password-protected website designated for Customer's account(s) or, at Bank's election, delivered via electronic mail to the email address provided by Customer to Bank. "Account Communications" include, without limitation, all current and future account statements, Confirmations, security notices, maturity notices, prospectuses, offering and disclosure documents, shareholder communications (such as quarterly, semi-annual and annual reports, proxy statements, etc.), regulatory communications and other information, documents, data, notices and records regarding Customer's account(s) with Bank. Bank may, from time to time, designate additional Account Communications that are then eligible for electronic delivery through the Electronic Delivery Service, the delivery of which will then be subject to these terms and conditions. From time to time, Bank may add to, modify or delete any feature of the Electronic Delivery Service or Account Communications eligible for delivery through the Electronic Delivery Service at its sole discretion. Customer acknowledges and agrees that by being enrolled in the Electronic Delivery Service, Customer will no longer receive Account Communications by mail that is otherwise available for delivery as part of the Electronic Delivery Service.

2. Accessing Account Communications. Bank will notify Customer via email when Account Communications are posted. Bank may also provide, in its sole and absolute discretion, Account Communications directly via email. Customer may access all Account Communications for at least thirty (30) days from the date of initial posting. Customer acknowledges and agrees that all Account Communications will be deemed to constitute good and effective delivery to Customer upon posting, regardless of whether Customer actually or timely receives or accesses the Account Information, or if Account Communications are delivered directly to Customer via email, when so delivered.

3. Changes in Delivery Method. Customer must notify Bank if it wishes to discontinue use of the Electronic Delivery Service. Following Bank's receipt of such notice and after Bank has a reasonable opportunity to act on such notice, Customer will thereafter begin to receive Account Communications via U.S. mail beginning with Customer's next statement cycle and/or mailed Confirmation.

4. Reporting Unauthorized Transactions or Erroneous Statements. Customer agrees to promptly and carefully review all Account Communications as and when delivered and notify Bank in accordance with this Agreement if Customer objects to any of the information provided.

5. Third-Party Services. Customer acknowledges and agrees that Customer's access to the Electronic Delivery Service and Customer's receipt of email notifications when Account Communications are posted may be delayed or prevented by factors affecting Customer's or Bank's Internet or telephone service provider(s) or other similar entities ("Third-Party Service Providers"). Bank makes no representations or warranties whatsoever with regard to the products and services offered by such Third-Party Service Providers and shall not be liable for any loss caused, in whole or in part, by a Third-Party Service Provider.

6. International Use. Bank makes no representations or warranties that any content or use of the Electronic Delivery Service is appropriate, legal or available in locations outside the United States. Customer acknowledges and agrees that accessing the Electronic Delivery Services from territories where its contents or use is illegal and is prohibited by Bank. If Customer accesses the Electronic Delivery Service from locations outside the United States, Customer does so at its own risk. Customer is responsible for compliance with local laws.

7. Proprietary Rights; Materials; Trademarks. All content included or available through the Electronic Delivery Service (other than Customer's account information), such as advertisements, tests, graphics, logos, button icons, images, audio clips and software, is the property of Bank and/or third parties and is protected by copyrights, trademarks or other intellectual property rights. The compilation (meaning the collection, arrangement and assembly) of all content on the Electronic Delivery Service is the exclusive property of Bank and/or its licensors and is protected by copyrights or other intellectual property rights. The trademarks, logos and service marks displayed on the Electronic Delivery Service (collectively, "Trademarks") are the registered and unregistered Trademarks of Bank or third parties. Under no circumstances may Customer use, copy, alter, modify or change these Trademarks. Nothing contained on the Electronic Delivery Service should be construed as granting by implication or otherwise any license or right to use any Trademark without the express written permission of Bank or the third party that has rights to such Trademark, as the case may be.

Master Services Agreement

Customer Tax Identification Number: Enter Tax ID

I, Enter Name, HEREBY CERTIFY that I am Enter Title of Enter Company Name ("Customer"),

Select Entity Type If applicable enter State

I further certify that I have full power and lawful authority to execute this Master Services Agreement ("MSA") on behalf of Customer. I further certify that Customer has taken all action required by its resolutions and other organizational documents, records or agreements to authorize the individuals listed below to act on behalf of Customer in all transactions contemplated under this MSA. Customer shall not be bound by the terms and conditions for those specific services described, to the extent Customer elects not to use such service(s). Customer hereby agrees as follows:

DEPOSIT ACCOUNTS:

1. U.S. Bank National Association ("Bank") is hereby designated as Customer's banking depository. Customer has received a copy of the deposit account terms and conditions and agrees that such terms shall govern the deposit account services provided by Bank. All transactions between Customer and Bank involving any of Customer's accounts at Bank will be governed by the deposit account terms and conditions, this MSA and other disclosures provided to Customer. Customer agrees to provide Bank with a copy of documents requested by Bank.

2. Any one (1) of the persons whose names and signatures appear in Appendix A (individually, an "Account Signer") are hereby authorized to open, add, modify, or close accounts in the name of Customer or its subsidiaries or affiliates, or if applicable, as an agent for another entity, and to sign, on behalf of Customer, its subsidiaries or affiliates or as an agent for another entity, checks, drafts or other orders for the payment, transfer or withdrawal of any of the funds or other property of Customer, whether signed, manually or by use of a facsimile or mechanical signature or otherwise authorized, including those payable to the individual order of the person or persons signing or otherwise authorizing the same and including also those payable to the Bank or to any other person for application, or which are actually applied to the payment of any indebtedness owing to the Bank from the person or persons who signed such checks, drafts or other withdrawal orders or otherwise authorized such withdrawals; and are also authorized to endorse for deposit, payment or collection any check, bill, draft or other instrument made, drawn or endorsed to the accounts governed by this MSA for deposit into these accounts. The authorization contained in the preceding sentence includes transfers of funds or other property of Customer to accounts outside of those accounts Customer maintains at Bank. Any one of the Contract Signers (as defined below) is also authorized to execute any documentation that Bank may require to add or delete Account Signers.

3. Unless Customer otherwise advises Bank in writing and Bank has a reasonable opportunity to act on such writing, the Account Signers listed in Appendix A will be Account Signers on any future deposit accounts that Customer maintains with Bank.

4. Customer acknowledges and agrees that Bank is not required to obtain the consent of or otherwise contact an Account Signer for transactions other than those listed in paragraph 2 above, including, but not limited to, transfers between accounts Customer maintains at Bank, advances on loans Customer has with Bank and transfers to pay down loans Customer has with Bank.

TREASURY MANAGEMENT SERVICES:

5. Bank's treasury management services ("Treasury Management Service(s)") are described in the U.S. Bank Services Terms and Conditions, any supplements thereto, any implementation documents, user manuals, operating guides and other related documentation and disclosures provided by Bank, and any addendum to any of the foregoing (collectively the "Services Agreement"). Customer has received and reviewed the Services Agreement and desires to use one or more of the Treasury Management Services.

6. Any one (1) of the persons whose names and signatures appear in Appendix B (individually, a "Treasury Management Signer") are empowered in the name of and on behalf of the Customer to enter into all Treasury Management Services transactions contemplated in the Services Agreement including, but not limited to, selecting Treasury Management Services, appointing agents to act on behalf of Customer in the delivery of Treasury Management Services, signing additional documentation necessary to implement the Treasury Management Services and giving Bank instructions with regard to any Treasury Management Service, including without limitation, wire transfers, ACH transfers, and any other electronic or paper transfers from or to any account Customer may maintain with Bank. Bank may, at its discretion, require Customer to execute additional documentation to implement or amend certain Treasury Management Services. In such cases, documentation necessary to implement or amend such Services shall be signed by a Treasury Management Signer. Customer further acknowledges and agrees that Bank may implement or amend Services based on the verbal, written, facsimile, voice mail, email or other electronically communicated instructions that it believes in good faith to have been received from a Treasury Management Signer. Any one of the Contract Signers (as defined below) is also authorized to execute any documentation that Bank may require to add or delete Treasury Management Signers.

Master Services Agreement

MONEY CENTER AND SAFEKEEPING SERVICES:

7. Any one (1) of the persons referenced in Appendix M (individually, a "Money Center Signer") are each authorized and empowered in the name of and on behalf of the Customer to transact any and all depository and investment business through the Bank's Money Center division (the "Money Center") and any securities custodial business through the Bank's Safekeeping Department (the "Safekeeping Department), which such person may at any time deem to be advisable, including, without limiting the generality of the foregoing, selecting any services that may from time to time be offered by the Money Center or the Safekeeping Department (collectively referred to herein as "Money Center Services" and "Safekeeping Services", respectively), appointing additional Money Center Signers or agents to act on behalf of Customer with respect to Money Center Services and Safekeeping Services, signing additional documentation necessary to implement the Money Center Services and Safekeeping Services and giving Bank instructions with regard to any Money Center Service and Safekeeping Service. Customer has received and reviewed the Services Agreement and may use one or more of the Money Center Services or Safekeeping Services from time to time. Bank may, at its discretion, require Customer to execute additional documentation to implement or amend certain Money Center Services or Safekeeping Services. In those cases, the required documentation shall be signed by a Money Center Signer. Customer further acknowledges and agrees that Bank may take any action with respect to any Money Center Services or Safekeeping Services requested by a Money Center Signer based on the verbal, written, facsimile, voice mail, email or other electronically communicated instructions that Bank believes in good faith to have been received from a Money Center Signer. Any one of the Money Center Signers is also authorized to execute any documentation that Bank may require to add or delete Money Center Signers.

FOREIGN EXCHANGE:

8. Bank is authorized by Customer to enter into foreign exchange transactions. Customer has received a copy of the Services Agreement and agrees that the terms contained in the Services Agreement, this MSA and other disclosures provided to Customer shall govern the foreign exchange services provided by Bank. Customer agrees to provide Bank with a copy of documents requested by Bank.

FOREIGN CURRENCY ACCOUNTS:

9. Bank is hereby designated as Customer's banking depository for one or more Foreign Currency Account(s) (the "Foreign Account(s)"). Any one (1) of the persons whose names and signatures appear in Appendix C (individually, a "Foreign Currency Account Signer") are hereby authorized to open, add, modify, or close any Foreign Account(s) in the name of Customer or its subsidiaries or affiliates and to make, on behalf of Customer, orders for payment or transfer of any of the funds or other property of Customer, whether signed, manually or by use of a facsimile or mechanical signature or otherwise authorized, including those payable to the individual order of the person or persons signing or otherwise authorizing the same. Customer hereby expressly authorizes and directs Bank to accept written and oral instructions any payment orders, by telephone or otherwise, consistent with the Services Agreement. Customer has received a copy of the Services Agreement and agrees that the terms contained in the Services Agreement, this MSA and other disclosures provided to Customer shall govern the Foreign Accounts. Any one of the Contract Signers (as defined below) is also authorized to execute any documentation that Bank may require to add or delete Foreign Currency Account Signers.

OTHER SERVICES:

10. A Contract Signer is authorized and empowered on behalf of Customer to transact any and all other depository and investment business with and through Bank, and, in reference to any such business, to make any and all agreements and to execute and deliver to Bank any and all contracts and other writings which such person may deem to be necessary or desirable.

GENERAL:

11. All Account Signers, Treasury Management Signers, Foreign Currency Account Signers and/or Money Center Signers (whether designated in this MSA or in a prior document [for example, a Certificate of Authority or a Treasury Management Services Agreement] executed by Customer) will remain in place until Bank receives written notice of any change and has a reasonable time to act upon Customer's written notice.

12. Any and all transactions by or in behalf of Customer with the Bank prior to the adoption of this MSA (whether involving deposits, withdrawals, Treasury Management Services, or otherwise) are in all respects ratified, approved and confirmed.

13. Customer agrees to furnish Bank with the names and signatures (either actual or any form or forms of facsimile or mechanical signatures adopted by the person authorized to sign) of the persons who presently are Account Signers, Treasury Management Signers, Foreign Currency Account Signers and/or Money Center Signers. Bank shall be indemnified and saved harmless by Customer from any claims, demands, expenses, loss or damage resulting from or growing out of honoring or relying on the signature or other authority (whether or not properly used and, in the case of any facsimile signature, regardless of when or by whom or by what means such signature may have been made or affixed) of any officer or person whose name and signature was so certified, or refusing to honor any signature or authority not so certified.

Each of the undersigned (individually and collectively, the "Contract Signers") certifies that, based on his or her review of Customer's books and records, Customer has, and at the time of adoption of this MSA had, full power and lawful authority to adopt the MSA and to confer the powers herein granted to the persons named, and that such persons have full power and authority to exercise the same.

Each of the Contract Signers further certifies that he or she has the full power and lawful authority to execute this MSA on behalf of Customer, its subsidiaries and affiliates, or if applicable, as an agent for another entity who has entered into an agreement with Customer authorizing Customer to act on such entity's behalf.

Master Services Agreement

Each of the Contract Signers further certifies that the Account Signers, Treasury Management Signers, Foreign Currency Account Signers and/or Money Center Signers have been duly elected to and now hold the offices of Customer set opposite their respective names, and the signatures appearing opposite their names are the authentic, official signatures of the said signer.

Customer agrees that document electronic signatures or signatures that are transmitted by facsimile or other electronic means shall be binding as of the date signed and to the same extent as original signatures. The parties agree to accept a digital image of this Agreement, as executed, as a true and correct original and admissible as best evidence for the purpose of state law, federal or state rules of evidence, and similar statutes and regulations

The MSA shall be effective as of the last date of the undersigned Contract Signers:

Signature:	_____	Signature:	_____
Print name:	_____	Print name:	_____
Print title:	_____	Print title:	_____
Email address:	_____	Email address:	_____
Date:	_____	Date:	_____
Signature:	_____	Signature:	_____
Print name:	_____	Print name:	_____
Print title:	_____	Print title:	_____
Email address:	_____	Email address:	_____
Date:	_____	Date:	_____
Signature:	_____	Signature:	_____
Print name:	_____	Print name:	_____
Print title:	_____	Print title:	_____
Email address:	_____	Email address:	_____
Date:	_____	Date:	_____
Signature:	_____	Signature:	_____
Print name:	_____	Print name:	_____
Print title:	_____	Print title:	_____
Email address:	_____	Email address:	_____
Date:	_____	Date:	_____

For Internal Use Only:

Review _____ Validation Method _____ TL Review _____ Imaged _____

Appendix A: Account Signers

Customer information

Customer name: _____ **Tax ID number:** _____

Account information

Account name	Account number	Tax ID number

Authorized account signers

Name	Title	Email address	Specimen signature

The Contract Signer listed below represents and warrants to the Bank that: (i) the signatures listed above are the true and authentic signatures of the Authorized Account Signer(s); (ii) that each Customer listed above has taken all action required by its respective organizational documents to appoint the Authorized Account Signer(s); and (iii) he/she is authorized to complete this Appendix A for each Customer listed above. Customer is responsible for the validity and authenticity of email addresses provided above.

Signature: _____ Email address: _____

Print name: _____ Date: _____

Print title: _____

For Internal Use Only:

Authorized signers are related to the Master Services Agreement dated: _____

Review _____ Validation method _____ TL review _____ Imaged _____

Your Deposit Account Agreement

&

General Terms & Conditions

Electronic Transfers

Funds Availability

Effective May 10, 2021

Member FDIC

usbank

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TERMS APPLICABLE TO ALL ACCOUNTS

THIS IS AN AGREEMENT

Welcome to U.S. Bank and thank you for opening an account with us. This Agreement provides the general rules that apply to the account(s) you have with **U.S. Bank ("us")** described herein. Additional rules will be provided in:

1. disclosures we give you when you open your account for example our *Consumer Pricing Information and Business Pricing Information* disclosure(s) and other fee disclosures (Both can be obtained by stopping in a U.S. Bank branch or for the *Consumer Pricing Information* only, call 800.872.2657 to request a copy);
2. disclosures that are applicable to additional products and services (for example the *Digital Services Agreement);*
3. periodic statements;
4. user guides;
5. *Consumer Privacy Pledge* brochure;
6. any appropriate means such as direct mail and notices on or with your statement, including any statements or notices delivered electronically; and
7. disclosures we give you about ATM and Debit Card Overdraft Coverage (applicable to certain consumer accounts, refer to the **Insufficient Funds and Overdrafts** section on page 14 for details).

These things, together, are an agreement between you and **U.S. Bank.**

Please read this carefully and retain it for future reference. This brochure is revised periodically, so it may include changes from earlier versions.

By providing a written or electronic signature on a signature card or other agreement or contract, opening, or continuing to hold an account with us, you agree to the most recent version of this Agreement, which is available to you at your local U.S. Bank branch, at www.usbank.com, or by calling U.S. Bank 24-Hour Banking at a number listed on the last page of this booklet.

This Agreement represents the sole and exclusive agreement between you and us regarding the subject matter described herein and supersedes all previous and contemporaneous oral agreements and understandings. If any terms of your signature card, resolution, or certificate of authority are inconsistent with the terms of this Agreement, the terms of this Agreement will control. Any other variations to this Agreement must be acknowledged by us in writing.

If you have any questions, please call us. Our most commonly used phone numbers are printed on the back of this booklet.

DEFINITIONS

The following definitions apply in this Agreement except to the extent any term is separately defined for purposes of a specific section.

- The words **"we," "our,"** and **"us"** mean **U.S. Bank National Association ("U.S. Bank")**. We are a national bank. We are owned by **U.S. Bancorp**.

- **U.S. Bancorp and U.S. Bank** own or control other companies, directly and indirectly. The members of this family of companies are our **"affiliates."** The words **"you"** and **"your"** mean each account owner and anyone else with authority to deposit, withdraw, or exercise control over an account. If there is more than one owner, then these words mean each account owner separately, and all account owners jointly.
- The term **"account"** means any savings, transaction (for example, checking, NOW Account), and time deposit (for example, certificate of deposit or CD) account or other type of account you have with us, wherever held or maintained.
- An **"owner"** is one who has the power to deal with an account in his, her or its own name. An **"agent,"** in contrast, is one whose power to withdraw from an account comes from, or is on behalf of, the owners. Authorized signers, designated corporate officers, trustees, attorneys-in-fact, and convenience signers are examples of agents.
- Entities such as corporations, limited liability companies, partnerships, estates, conservatorships, and trusts are not natural persons, and can only act through agents. In such cases, it is the **"entity"** that is the owner.
- **"Personal accounts"** are consumer accounts in the names of natural persons (individuals). They are to be distinguished from **"non-personal accounts"** which are accounts in the name of businesses, partnerships, trusts and other entities.
- An **"account cycle"** or **"statement cycle"** represents the period of time when your statement starts and ends. It's approximately 30 days long but doesn't necessarily align with the beginning and end of the month and won't end on a weekend or holiday.

Except where it is clearly inappropriate, words and phrases used in this document should be interpreted so the singular includes the plural and the plural includes the singular.

CELLULAR PHONE CONTACT POLICY

By providing us with a telephone number for a cellular phone or other wireless device, including a number that you later convert to a cellular number, you are expressly consenting to receiving communications—including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system—from us and our affiliates and agents at that number. This express consent applies to each such telephone number that you provide to us now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from your cellular provider.

MONITORING AND RECORDING COMMUNICATIONS

You acknowledge and agree that we, or anyone acting on our behalf, may monitor and/or record any communication between you and us, or anyone acting on our behalf, for quality control and other purposes. You also acknowledge and agree that this monitoring or recording may be done without any further notice to you. The communication that may be monitored or recorded includes telephone calls, cellular or mobile phone calls, electronic mail messages, text messages, instant or live chat, or any other communications in any form.

WAIVERS AND PRECEDENTS

Our Agreement with you gives us rights and duties. If we don't take advantage of all our rights all the time that does not mean we lose them. For example:

- If we make funds available to you for withdrawal ahead of schedule, that does not mean we have to do it again.
- If we pay a check that is more than your account balance, that does not mean we have to do it again.

APPLICABLE LAW

Unless otherwise stated herein, your account and this Agreement will be governed by federal law and, unless superseded by federal law, by the law of the state in which your account is located. If you opened your account in person, it is located in the state in which you opened it. If you opened your account online, in the U.S. Bank Mobile App or by telephone and you reside in a state in which we have a branch at that time (or reside within 50 miles of a branch), it is located in the state in which the branch is located. If you reside anywhere else, then your Account is located in Minnesota.

CUSTOMER IDENTIFICATION PROGRAM NOTICE (USA PATRIOT ACT)

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you

When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see other identifying documents like a driver's license or documents showing your existence as a legal entity.

Existing customers

Even if you have been a customer of ours for many years, we may ask you to provide this kind of information and documentation because we may not have collected it from you in the past or we may need to update our records.

Failure to Provide Information

If, for any reason, any owner is unable to provide the information necessary to verify their identity, their account(s) may be blocked or closed, which may result in additional fees assessed to the account(s).

OWNER'S AUTHORITY

Each owner of a personal account, or an agent for a non-personal account, acting alone, has the power to perform all the transactions available to the account. For example, each owner or agent can:

1. make withdrawals by whatever means are available for the account;
2. make deposits by whatever means are allowed for the account;
3. obtain and release information about the account;
4. sign or authenticate any document in connection with the account (for example, an owner can endorse a check payable to a co-owner for deposit to a joint account);

5. give rights to others to access the account (for example, any owner could grant a power of attorney to have access to the account); and
6. close the account.

In addition, if you share ownership of an account with someone else (for example, you have a joint or multi-party account), then each of you can endorse items for deposit to the account on behalf of another owner. If there is shared ownership of an account, it is the intention of all owners that each of you has complete and separate access and withdrawal rights to all the funds in the account irrespective of who had deposited the funds in the account.

AUTHORIZED ACCESS AND POWER OF ATTORNEY

Each owner of your account is independently permitted to authorize someone else to access your account. For example, the following persons will have access to your account:

1. Any person listed on a signature card, resolution, or certificate of authority as being authorized to make withdrawals or transfers, by check or otherwise, from your account;
2. Any person that you authorize to make withdrawals or transfers from the account by whatever means the account allows (for example, pre-authorized withdrawals, wire transfers, ATM card, or debit card transactions);
3. Any person you give rights to act on your behalf, such as a power of attorney;
4. Any person to whom you make your checkbook or your checking account number available for purposes of transacting business on the account. We discourage this type of "authorization" because it is possible that we will detect such transactions and treat them as unauthorized. If you give any such person "authority," we are not responsible whether we honor the transactions or dishonor them; and
5. Any person to whom you make your ATM card or debit card personal identification number (PIN) available. Although we discourage this practice, by allowing this type of "authorization," the person to whom you make your personal identification number (PIN) available may be able to access all of your accounts held with us by using the telephone, ATM, online or other banking access channels. If you give any person such "authority," we are not responsible for actions they take with respect to your accounts.

We will use the word "agent" to mean any person who you authorize to act on your behalf, whether by following the process we require (for example, by designating an authorized signer on a signature card), or on your own (for example, by creating a power of attorney). If you name such an agent:

1. we may require that you use forms we approve and require each owner to sign the form to be effective;
2. the powers you give to your agent, and any limitations on those powers, are between you and your agent, even if we have express written notice of those powers. You understand and agree that we have no duty or responsibility to monitor the acts of your agent or ensure that the acts of your agent

are for your benefit. For example, if you only give your agent authority to pay your bills and your agent exceeds that authority, we are not responsible for that breach of authority;

3. you agree not to hold us responsible for any loss or damage you incur as a result of us following instructions given to us by your agent;
4. the owners of the account are responsible to us for any actions of your agent, regardless of whether those actions exceed the authority given or whether the agent is appointed by all the owners or less than all the owners;
5. the agency will end if the owner dies **and** we have actual knowledge of that death, or if there is more than one owner, the agency will end after the death of the last owner and we have actual knowledge of that death and, in either case, once we've had reasonable opportunity to act on it;
6. the agency will end after the owner notifies us in writing to end the agency and we have had a reasonable opportunity to act on it; and
7. if you authorize any third person, such as a bookkeeping service, an employee, or agent of yours to retain possession of or prepare items, you agree to assume full responsibility for any errors or wrongdoing performed or caused by such third person or any of its agents or employees if we should pay any such item.

YOU CANNOT TRANSFER AN ACCOUNT

You may not transfer an account to someone else without our express written permission. This does not limit your right to access your account by any permissible means.

CHANGE IN AUTHORIZED SIGNERS

Any owner, including one of the owners of a joint account, may add owners or authorized signers to an account; however, we have the right to require the signature of all owners to make the change. Only under special circumstances and subject to prior approval by us may an owner remove another owner or authorized signer from an account.

No change in owners or authorized signers is effective until we have received written notice of the change and have had adequate time to approve and act on it.

ADJUSTMENTS

If we (or you, or you and us together) make an error on your account, we can fix the error without first notifying you. For example, if:

- the dollar amount of your check is paid for the incorrect amount;
- a deposit is added incorrectly;
- we apply a deposit to the wrong account;

we can fix the error without any special notice to you, though such a correction will normally appear on your statement if the error and the correction occur on different business days.

For accounts coded as Consumer and Business accounts, we may not adjust for insignificant errors unless you request it. For all other account types including Corporate and Commercial accounts, we

may not adjust for deposit errors of $50.00 or less unless we have agreed with you to a lower adjustment amount.

RETENTION OF DOCUMENTS

You should retain your copy of deposit receipts and other documents associated with your deposit(s). Should you claim that a deposit was incorrectly credited, we may request a copy of your receipt or other documents associated with your deposits.

LIABILITY FOR CHARGES AND OVERDRAFTS

All account owner(s) are responsible to repay to us any overdraft amount **and** any overdraft fees charged to an account, no matter which owner caused it or why. That repayment is due immediately, and we will take it from your next deposit or whenever funds become available in your account. If there is more than one owner, each owner is separately, and all owners are jointly, responsible for an overdraft and any account fees. (This means we can collect the total from any owner(s), on any of the owner(s) accounts, but we won't collect it more than once). For more information on overdrafts please refer to the section titled **Insufficient Funds and Overdrafts.**

We list the charges that you may incur on your account in separate pricing information disclosures or agreements for your account.

TRANSACTION POSTING ORDER

We reserve the right to decide the order of the items we will pay and which items will be returned (if any). Our posting order may not be the same as the order in which you conducted a transaction and could result in overdraft fees, if you do not have available funds at the time the item is paid. Generally, we post the following three transaction types after the close of each business day in the following order:

1. Deposits we receive before the daily cutoff time will be posted before any withdrawals. (Refer to our Cutoff Time and/or Funds Availability section for cutoff time description.)

2. Your non-check withdrawals will be posted in date/time order, based on the date and time associated with each transaction. A date and time (if one is available) will be assigned to each transaction based on one of the following: (1) when the transaction was preauthorized (for example a debit card or ATM transaction was approved); **or** (2) when the transaction was processed by U.S. Bank (for example an ACH, or bill pay transaction for which there is no pre-authorization). If a date and time is not available, these transactions are posted to your account after all transactions with a valid date and time or check number are complete, and posted to your account in order of amount, starting with the lowest transaction amount first (frequently referred to as low-to-high).

3. Your checks will be posted in check number order, starting with the lowest number. (For example: on Monday we may receive and post check # 107; on Tuesday we may receive check # 102 and # 105, and those would be posted on Tuesday in the order of lowest check number (e.g., # 102) posting first).

DEPOSITS

When you make a non-cash deposit to your account, we give you credit for that deposit, but that credit is provisional (temporary). If the deposit needs to be collected from another financial institution, we must be paid before the credit becomes final. After a credit is

final it may still be reversed if the funds cannot be collected. See the sections titled **Returned Deposited and Cashed Items** and **Funds Availability.** All deposit receipts are issued subject to our count and verification of the items deposited. You should retain your copy of deposit receipts and other documents associated with your deposit(s). Should you claim that a deposit was incorrectly credited, we may request a copy of your receipt or other documents associated with your deposit.

Foreign Currency: Deposits received in a foreign currency, whether by check, wire-transfer, or otherwise, must be converted to U.S. dollars prior to being deposited into your account. U.S. Bank will convert your funds at an exchange rate established by U.S. Bank on the business day when such exchange is processed. Currency exchange rates are determined in our sole discretion based on factors such as market conditions and risk, economic and business factors. The exchange rate is an all-in rate which includes our profit, fees, costs, and charges. Currency exchange rates will be applied to these deposits without notice to you. You agree to this procedure and accept our determination of the currency exchange rates.

Foreign currency conversions can take time and exchange rates fluctuate at times significantly. You acknowledge and accept all risk that may result from such fluctuations. Your transaction is a retail transaction. Retail foreign exchange conversion rates are different from the wholesale exchange rates for large transactions between two banks as may be reported in *The Wall Street Journal* or elsewhere. Exchange rates offered by other banks or shown at other sources (including online sources) may be different from our exchange rates. The exchange rate you are offered may be different from, and likely inferior to, the rate paid by U.S. Bank to acquire the underlying currency. The exchange rate may also be different from a rate offered by U.S. Bank to a different customer, at a different time, for a different transaction amount, or in a different payment channel (checks, wire-transfers, etc.).

U.S. Bank sometimes relies on other financial institutions in the conversion process. In this event, the conversion will be in accordance with the policies and procedures of that bank and the funds will be converted at the exchange rate determined by that bank. Any fees or charges assessed by that bank will be passed on to you. Your final credit will be adjusted to reflect that final exchange rate less all fees or charges.

Foreign Checks: Checks and other items drawn off a foreign financial institution, whether negotiable in a foreign currency or in U.S. dollars may require special funds collection processing by us. As a result, funds availability may be delayed. If you deposit such an item, you agree that we may delay funds availability at our discretion until we are satisfied that we have received final payment of the item.

Deposits by Mail: If you make a deposit by mail, we have to receive it and have time to record it before it becomes effective. (See our **Funds Availability** section.)

Cutoff Time: A deposit made after our daily cutoff time on a business day, or on a day we are not open for all forms of business, will be considered deposited on the next full business day. (Refer to our **Funds Availability** section for cutoff time description.) The cutoff time applies to all accounts (savings, certificate of deposits, payments, etc.), not just checking accounts.

Endorsement: If you make a deposit to an account and you fail to endorse the item, we may add an endorsement on any item and you will be responsible for the item as if you endorsed it yourself.

We can refuse to accept any item or other type of deposit, for any reason, or no reason, or impose conditions on a deposit. For example, we can treat a deposit as an "inquiry" or take an item for "collection" instead of deposit. We may also decline to accept a large cash deposit or require you to make such a deposit at a location and time of our choosing.

RETURNED DEPOSITED AND CASHED ITEMS

The funds you deposit to your account are subject to normal collection processes even after we make the funds available to you for withdrawal (i.e., the check has "cleared"). If we do not collect the funds, or we need to return the funds, your deposit will be reversed and become your responsibility. **Returned items** are charged back to your account and a Return Item Advice notice is mailed to the primary account address on file.

For example:

- The deposit amount of the check is recorded incorrectly to your account. The person who wrote the check catches the error, and reports it to their bank, who in turn reports it to us. We would reverse the incorrect portion of the deposit and correct the mistake.
- A check you deposit has a forged endorsement. The person who wrote the check notices the forgery and reports it to their bank, who reports it to us. We would reverse the deposit and collection of the check would become your responsibility.
- This also applies to checks we might cash for you that you don't deposit. For example, if you bring a check to us and take cash back from a deposit, or we simply cash the check and if that check "bounces" (is returned to us unpaid), we can take the money from your account to reimburse us for the check and you will have to collect it through other channels.

There will be one fee posted for the sum of all Returned Deposited Item or Cashed Check fees returned within a single transaction as well as applicable overdraft fees if sufficient funds are not in your account to cover your items.

CHECK 21

Check processing is getting faster as banks begin to process checks "electronically." We are required by law to provide the notice in the following section **("SUBSTITUTE CHECKS AND YOUR RIGHTS"),** which explains the differences between your original check (which might not be returned) and a substitute check, and your rights in the event the substitute check causes a loss that would have been avoided if the original check was still available.

SUBSTITUTE CHECKS AND YOUR RIGHTS

What is a substitute check?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks". These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of the substitute check states: "This is a legal copy of your check. You can use it the same way you

would use the original check." You may use the substitute check as proof of payment just like the original check.

Some or all of the checks that are returned to you from us may be substitute checks. This notice describes your rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks, photocopies of original checks, or to electronic debits to your account. However, you have rights under other laws with respect to those transactions.

What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, overdraft fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You are also entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to $2,500.00 of your refund (plus interest, if your account earns interest) within ten business days after we received your claim and the remainder of your refund (plus interest, if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please call U.S. Bank 24-Hour Banking (see last page for phone numbers) or write to us at **U.S. Bank, 60 Livingston Ave, EP-MN-WS5D, St. Paul, MN 55107.** You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extenuating circumstances.

Your claim must include:

1. a description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
2. an estimate of the amount of your loss;
3. an explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
4. a copy of the substitute check or identifying information such as the check number and the name of the person to whom you wrote the check.

COPIES OF DOCUMENTS

We do not typically keep the original paper documents (like deposit slips) associated with your account for a long time. We image most of the documents that end up with us and destroy the paper originals. Electronic images is one type of media that is used, but as technology changes, there are and will be other imaging techniques. You agree that such images will be sufficient for all purposes.

See the section titled **CHECK 21.** To facilitate check imaging and electronic check collection, it is important that you take care with the transactions you create on paper. When completing a check, you must:

1. write clearly;
2. use black or dark blue ink in the date, pay to, amount, and signature fields; and
3. use only the space provided for your part of a transaction. (See the section on ENDORSEMENT STANDARDS.)

You agree to reimburse us for any losses and costs we incur as a result of a poor check image caused by a deficiency in the written check, whether due to your failure to follow these guidelines or otherwise. You also agree to reimburse us for any losses and costs we incur as a result of a poor check image caused by a deficiency in the written check that you accepted and deposited as the payee.

NIGHT DEPOSITORY

If you arrange for night depository services, you must comply with the following two rules and also comply with the rules in any separate night depository agreement.

1. **Use of Containers.** Each deposit placed in the depository must be contained in a sealed envelope, or in a bag or pouch that has been approved or supplied by us. Deposits are only processed to accounts held at U.S. Bank.
2. **Care.** You must take appropriate care when you put the container in our night depository or other facility to make sure the container is received by us.

   Our responsibility for the security of the container and the drawer or facility is to use reasonable care. This means we are not automatically liable for just any loss, only for losses that result from our own negligence, only to the extent we caused a loss, and reduced by your contribution to any loss. In legal terms, we are a "bailee" until the point:
   - when we open the container and inventory its contents (if that is what we are asked to do); or
   - when you sign the receipt for or take custody of the container (if we do not open the container).

CHECKS

Post-Dated Checks. We are not responsible to you if we pay a check before its date, even if we have noticed that it is post-dated. If we, at our option, refuse to pay a check because it is presented before its date, you will have to pay, if applicable, the fee we charge for an overdraft. If you want to be sure we do not cash it before its date, you must stop its payment by following our rules for stop payments in the **STOP PAYMENTS** section of this Agreement and follow our procedures for revoking a stop payment request.

Stale-Dated Checks. A "stale-dated" check is one that is brought to us for payment more than six months after its date. We may pay, or refuse to pay, a check brought to us ("presented") more than six months after its date. (The general rule is we will pay the check or may return the check for insufficient funds.) In addition, the check would be subject to an overdraft. If you do not want us to pay a stale-dated check, you must place a stop payment order on the check.

Check Legends. We are not required to honor any legends or memos you put on your checks, even if we are aware of them. By a "legend" or "memo" we mean a message, such as "not valid for more than $50.00" or "do not pay more than ten days after date" or "paid in full".

Check Forms. Checks are sorted and copied by high speed equipment. If you don't buy your checks through us, you must get them approved by us or we will not be responsible if your checks do not process correctly. See the section titled **COPIES OF DOCUMENTS** for additional information on inks and related issues.

Deposits of Checks at ATMs

We reserve the right to refuse to credit your account for ATM deposits of the following items. If an item is refused the item or a substitute check may be returned via mail to the primary account address.

1. All the check payees are not listed on the account;
2. Checks payable to a business and the business name is not listed on the account. (Checks payable to a business must be deposited into an account that includes the name of the business on the associated account);
3. Improperly endorsed (for example, different endorser than payee);
4. Restrictive wording (on the deposited item);
5. Post-dated (greater than one day after the ATM network business day);
6. No date or incomplete date;
7. Altered in any way;
8. Photocopy of item;
9. Not signed by maker;
10. Traveler's check with different counter signature;
11. Drawn on a foreign bank;
12. Missing the numeric amount and/or the written amount;
13. Numeric amount and written amount do not match;
14. No payee listed;
15. Federal tax refund checks not endorsed by payee or payees; and
16. Any other instrument which is not a check or negotiable instrument.

ENDORSEMENT STANDARDS

The payee of a check (the person to whom a check is payable) must sign (endorse) the check on the back in the space shown in the picture. If a check is transferred to someone else before it gets deposited or cashed, that person (the transferee) may also be required to sign the check.

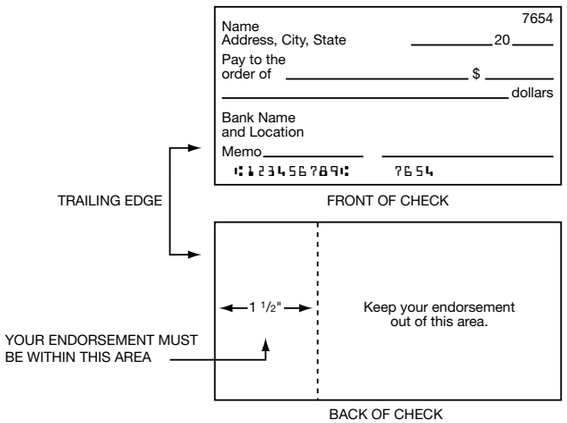
Every bank that handles a check on its way to the bank that is asked to pay it also has to identify itself on the back of the check. The space

for those banks is to the right of the space shown for the payee and other "holders" (see picture below).

When you endorse a check, you must:

1. clearly sign your name;
2. use black or dark blue ink if possible;
3. never use a faint color, like red, pink or any pastel, or a gel ink (these do not copy well);
4. sign near the top of the space provided, or just below any other signature in that space;
5. stay out of the area below the space for endorsers (most check forms have a line separating the endorsement area); and
6. keep any stamp within the area set aside for handwritten signatures.

The picture on this page shows you the correct endorsement area.



Why is this important?

If your endorsement of a check, or the endorsement of someone from whom you took the check, either:

1. causes a delay in a necessary notice to someone else, or
2. prevents someone from being identified quickly enough (and therefore cannot get notice or cannot get it in time).

You will be responsible for the check and the loss that occurs because it is not paid. It will then be up to you to try and recover from someone else who might be liable.

INSUFFICIENT FUNDS AND OVERDRAFTS

"Account Balance" means the funds in your account, including deposits and withdrawals made to date. Not all your transactions will be immediately reflected. As a result, only part of this balance may be available for withdrawal.

"Available Balance" means the amount of money that can be withdrawn at a point in time. **The Available Balance will be less than the Account Balance when there are pending transactions such as:**

- Funds held from deposits: These funds have been deposited but are not yet fully available for withdrawal or transfer.

Once these funds are available, they will be reflected in the Available Balance.

- Funds held for debit card authorizations: This reflects merchant-authorized requests for payment, when the final charge has not been submitted by the merchant. Debit card authorizations will be reflected as pending transactions from the time we receive the authorization until the merchant presents the item for payment, a completion message is received, or three business days, whichever occurs first. If the debit card transaction has not been presented for payment after three business days, it will be removed from your pending transactions and your Available Balance will no longer be reduced by the authorization amount. Once the final charges have been received and processed, they will be reflected in the Available Balance.
- Any other holds on funds in your account.

Note: The Available Balance does *not* reflect every transaction you have initiated or previously authorized. Items that may not be reflected in your Available Balance include, but are not limited to:

- Outstanding checks and authorized automatic withdrawals (such as recurring debit card transactions, transfers, and ACH transactions that we have not received for payment or processing).
- The final amount of a debit card purchase. For example, we may authorize a purchase amount from a restaurant or a gas station, but the authorized amount may be different from the final charge. Once a final charge has been received and processed, it will be reflected in the Available Balance. (Please refer to "Debit Card Transactions" subsection for more information about how these situations are handled.)
- Scheduled bill payments that have not yet been processed.
- Debit card transactions that have been previously authorized but not sent to us for payment from your account where we have released the transaction authorization hold and the transaction is sent for payment from your account at a later date.

"Insufficient funds" means you do not have enough available funds in your account to pay the withdrawals you are attempting from that account.

Having insufficient funds in your account could lead to returned items, which refers to any withdrawal or transfer that we return because it exceeds your Available Balance on a given day. Examples of withdrawals that could be returned may include any checks, ACH transactions, online or mobile bill payments, or any other debit from your account where we return it because it is for more than the Available Balance you have in your account at the time the transaction is presented to your account. We reserve the right to pay an insufficient funds withdrawal and overdraw your account, which may result in an Overdraft Paid Fee, or return the insufficient funds withdrawal, which may result in an Overdraft Returned Fee. Even if we've paid insufficient funds items before, we are not required to do it in the future.

"Overdraft" means a transaction has caused the Available Balance on an account to become a negative number. An overdraft can happen, for example,

- by writing a check without enough money in your checking account to pay the check, and we pay the item;
- by making a withdrawal from your account that exceeds your Available Balance;
- by using your U.S. Bank Debit Card for payment without enough money in your checking account to cover the amount authorized or the amount paid to the merchant. If any debit card transaction results in a negative Available Balance at the time it is presented for payment, even if your Available Balance was positive at the time the debit card transaction was authorized, you may be charged an Overdraft Paid Fee;
- by making a deposit, withdrawing money based on the credit received from that deposit, and then having that deposit reversed because the deposited item is later returned to us unpaid;
- by withdrawing money from your account and not having enough money left to pay any related charges posted to the account;
- when funds are credited to your account in error and you use the funds, and the reversal of the credit results in an overdraft; or
- when fees such as monthly maintenance fees are charged, and you do not have sufficient funds to cover.

Our Options: You do not have the right to withdraw funds that exceed the Available Balance on your account. When an item of yours overdraws an account, we can either pay or return the item. You cannot choose which items we pay or return, except as identified in your selection of "Overdraft Handling" (as identified later).

If we get a **batch, or multiple batches,** of such items in a day (for example, checks, ATM purchase transactions, and debit card purchase transactions typically come in batches), and if one, some or all of them would overdraw the account if paid, we will post items in accordance with the **"Transaction Posting Order"** section listed within this Agreement. This may result in processing larger dollar items before smaller dollar items, even though this would have the effect of reducing your Available Balance more quickly.

Our Fees: We charge an Overdraft Returned Fee for each withdrawal (e.g., in-person, ATM, automatic payment, or other paper or electronic withdrawal transaction) we return because it exceeds your Available Balance on a given day. We charge an Overdraft Paid Fee for each item or transaction we pay that causes the Available Balance to become negative or occurs while the Available Balance is negative on the checking account. Any Overdraft Returned Fees or Overdraft Paid Fees are deducted from your account on the next business day. We may charge you an Extended Overdraft Fee if your Available Balance remains negative for eight consecutive days; the fee will be charged on that day or the next business day, as applicable. See the current pricing information disclosure for information on fees and how fees will be assessed. The Extended Overdraft Fee may be suspended during a fraud investigation or dispute. Once the investigation or dispute is resolved, an Extended Overdraft Fee may be assessed if the account remains negative. If you want to avoid the inconvenience and extra expense of overdraft fees, refer to the section titled "Overdraft Protection Plans" on page 19 for information.

There are some circumstances that can take your account into a negative balance where we will not charge a fee, for example:

- If certain fees such as your monthly maintenance fee are the only items that resulted in the negative balance.
- If the negative Available Balance is less than our threshold. See your *Consumer Pricing or Business Pricing Information* disclosure for specific information. (Both can be obtained by stopping in a U.S. Bank branch or for the *Consumer Pricing Information* only, call 800.872.2657 to request a copy.)

Your responsibilities for overdrafts: If you have an overdraft on your account, you must deposit enough money into your account to pay both the overdraft amount and the fees we charge, and you must do so immediately. If you share ownership of your account with someone else, you are responsible to us for the overdraft, whether or not you personally caused the overdraft or benefited from it.

OVERDRAFT HANDLING

Consumer Checking and Money Market Accounts:

Most U.S. Bank Consumer checking and money market accounts come with Standard Overdraft Coverage. Under Standard Overdraft Coverage we will authorize and pay overdrafts for these types of transactions at our discretion:

- Checks and other transactions using your checking account number
- Automatic bill payments
- Recurring debit card transactions, for example setting up your debit card to automatically pay a monthly gym membership. We rely on the merchant to inform us if a debit card transaction is a one-time or a recurring transaction.

If we pay these transactions into overdraft, we may charge an Overdraft Paid Fee. If we do not pay these transactions, we may charge an Overdraft Returned Fee.

In addition to Standard Overdraft Coverage, you have the following options outlined below.

ATM and Debit Card Overdraft Coverage:

Upon opening your U.S. Bank Consumer checking OR money market account, you will receive a notice advising you of your choice to say 'Yes' or 'No' to ATM and Debit Card Overdraft Coverage.

If you say 'Yes'

If you choose to say 'Yes', you allow U.S. Bank to authorize and pay ATM and everyday debit card transactions (purchases made with your debit card on a day-to-day basis) that may cause the Available Balance in your account to become negative. If this happens we may charge an Overdraft Paid Fee.

If you say 'No'

If you choose to say 'No', you do not allow U.S. Bank to authorize and pay ATM and everyday debit card transactions into a negative Available Balance. If we do not authorize and pay an overdraft your transaction will be declined and you will not be charged a fee.

In limited circumstances, your ATM or everyday debit card transaction may be processed, resulting in your Available Balance becoming negative. These situations may include, but are not limited to:

- A debit card transaction is processed for more than the preauthorized amount. For example, we may authorize a purchase amount from a restaurant or a gas station, but the authorized amount may differ from the final charge (Please refer to "Debit Card Transactions" subsection for more information about how these situations are handled.);
- A debit card transaction that obtained an authorization based on a sufficient Available Balance in your account, but is sent to us for payment later when your Available Balance is no longer sufficient to cover the item;

In these situations, if you have chosen 'No' you will not be charged an Overdraft Paid Fee.

If you wish to discuss your options or change your account election at any time, contact a local U.S. Bank branch, call U.S. Bank 24-Hour Banking or visit usbank.com. Please be aware it may take up to three business days to implement your request.

Requested Return:

You may ask us to place your account in *Requested Return* status. When you select this option, you are automatically choosing to say **'No'** to ATM and Debit Card Overdraft Coverage (refer to **If you say 'No'** for more details). In addition, we will attempt to return items which would result in an overdraft to your account such as checks, and automatic bill pay transactions.

- Note that when you select *Requested Return,* **an Overdraft Returned Fee may be charged for returned items.** You may also be charged fees by the merchant or service provider.
- Please understand we will not be able to return all items. **If we pay an item, for any reason, you will be charged the applicable Overdraft Paid Fee** (with the exception of ATM and everyday debit card transactions). These situations include, but are not limited to: recurring debit card transactions when a merchant had obtained an authorization for the first instance, but did not obtain a new authorization for subsequent occurrences (for example, a monthly gym membership); or other transactions/adjustments that may be processed in accordance with our Transaction Posting Order resulting in an insufficient Available Balance (Refer to **"Transaction Posting Order"** section listed within this Agreement). We rely on the merchant to inform us if a debit card transaction is a one-time or a recurring transaction.

If you wish to select *Requested Return,* contact a local U.S. Bank branch or call U.S. Bank 24-Hour Banking (see last page for phone numbers). Please be aware it may take up to three business days to implement your request.

Business Options for Checking and Money Market Accounts

For Business Checking and Business Money Market accounts, we will authorize and pay overdrafts for all types of transactions at our discretion. If we pay these transactions into overdraft, we may charge an Overdraft Paid Fee. If we do not pay these transactions, we may charge an Overdraft Returned Fee.

Requested Return

You may ask us to place your account in *Requested Return* status. When choosing this option, we will attempt to return and/or decline items which would result in an overdraft to your account.

- Note that when you select *Requested Return*, an **Overdraft Returned Fee may be charged for returned items.** You may also be charged fees by the merchant or service provider.
- Please understand we will not be able to return all items. **If we pay an item, for any reason, you may be charged an Overdraft Paid Fee.**

If you wish to request *Requested Return*, contact a local U.S. Bank branch or call U.S. Bank 24-Hour Banking (see last page for phone numbers). Please be aware it may take up to three business days to implement your request.

Other sections: While many other sections of this Agreement relate to these issues, these sections are particularly appropriate:

- Setoff (page 45)
- Security Interest in Accounts (page 46)
- Funds Availability: Your Ability to Withdraw Funds - All Accounts (page 49)
- Electronic Banking Agreement for Consumer Customers (page 55)
- Limits on Transfers (page 58)
- Electronic Banking Agreement for Business Customers (page 65)

OVERDRAFT PROTECTION PLANS

Consumer Overdraft Protection

U.S. Bank offers Overdraft Protection Plans to help you avoid the inconvenience of having a check returned, and/or a debit card purchase rejected, resulting in the expense of overdraft fees. These Overdraft Protection Plans allow an eligible account to be linked to a U.S. Bank Personal Checking Account(s) ("checking account(s)") to cover overdraft situations when the Available Balance is insufficient to cover checks presented for payment **and/or** Available Balance has been reduced due to pending authorized debit card transactions, as specified in subsection "Debit Card Transactions".

U.S. Bank lets you choose which eligible accounts are linked to your checking account for Overdraft Protection, and the order in which those accounts are accessed to transfer funds to your checking account. Some eligible accounts (e.g. depository accounts) do not have Overdraft Protection Transfer fees, and if you have deposit and credit accounts linked for Overdraft Protection, the first Overdraft Protection Account determines whether a fee is charged (if any).

You can choose to link up to three eligible U.S. Bank accounts to your personal checking account for Overdraft Protection. Owner(s) who are signers on the checking account must also be signers on the account(s) linked for Overdraft Protection.

Eligible accounts include:

- U.S. Bank Savings Account or Money Market Account
- U.S. Bank Reserve Line of Credit
- U.S. Bank Credit Card
- A secondary U.S. Bank Personal Checking Account
- U.S. Bank Personal Line of Credit
- U.S. Bank Home Equity Line of Credit
- Other U.S. Bank Lines of Credit

If you have linked eligible accounts, and the Available Balance in your checking account is or would be overdrawn by $5.01 or more, the advance amount will transfer in multiples of $50.00 and an Overdraft Protection Transfer Fee may be charged (fee waived

for transfers from a depository account). If, however, the Available Balance is or would be overdrawn by $5.00 or less, the amount advanced will be $5.00 **and** the Overdraft Protection Transfer Fee will be waived.

If the negative Available Balance in your checking account is caused by monthly fees, such as a maintenance fee or statement/image fee only, overdraft protection will not advance. (For example, the account is overdrawn due to a Monthly Maintenance Fee, overdraft protection will not advance. If additional transactions post, overdraft protection will advance to cover the negative Available Balance amount and an Overdraft Protection Transfer Fee may be charged.) If the account linked for Overdraft Protection does not have enough funds to cover the overdrawn amount, the current Available Balance will still be transferred to reduce the overdrawn amount.

If there is more than one account linked for Overdraft Protection and the Available Balance of the first linked account is not enough to cover the overdrawn balance, the next linked account will transfer funds in multiples of $50.00 to cover the remaining overdrawn balance. When multiple accounts are linked as Overdraft Protection, the first account funds are transferred from determines the amount of the Overdraft Protection Transfer Fee (if any).

For each day an Overdraft Protection transfer occurs, a Bank fee will be charged to the checking account that received the transfer. (Refer to the *Consumer Pricing Information* disclosure Overdraft Protection Transfer Fee for fee amount. This disclosure can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.) While no fee will be charged to your U.S. Bank savings account or secondary checking account, U.S. Bank Reserve Line of Credit, U.S. Bank Credit Card, U.S. Bank Personal Line of Credit, or U.S. Bank Home Equity Line of Credit, for any automated advance to cover an overdraft to your associated deposit account, you will incur an interest charge according to the terms of your agreement governing your credit account. Advances on a U.S. Bank Credit Card Overdraft Protection Plan account are subject to the standard cash advance interest rate, as well as the current cash advance fee. Please refer to your U.S. Bank Reserve Line of Credit, U.S. Bank Credit Card, U.S. Bank Personal Line of Credit or U.S. Bank Home Equity Line of Credit for information regarding interest charges.

When the Bank accesses funds from an eligible line of credit or credit card, these types of transfers may be subject to additional charges such as annual fees. In addition, you may be subject to interest that will accrue on the amounts advanced in accordance with your line of credit or cardmember agreement.

Business Banking Overdraft Protection

U.S. Bank offers Overdraft Protection Plans to help you avoid the inconvenience of having a check returned, and/or a debit card purchase rejected, resulting in the expense of overdraft fees. These Overdraft Protection Plans allow an eligible account to be linked to a U.S. Bank Business Checking Account(s) ("checking account(s)") to cover overdraft situations when the Available Balance is insufficient to cover checks presented for payment and/or Available Balance has been reduced due to pending authorized debit card transactions, as specified in subsection "Debit Card Transactions".

U.S. Bank lets you choose which eligible accounts are linked to your checking account for overdraft protection. Only one deposit product

and one credit product may link to a business checking account. If the checking account has both a credit product and a deposit product linked as overdraft protection, the system will always advance first from the credit product. Funds only draw from the deposit product if the credit product has insufficient available funds.

The name of the business on the business checking account must match the name of the business on the business credit overdraft protection plan account. The name(s) of the account signer(s) on the business checking account may also be required to match the account signer(s) on the business Overdraft Protection Plan account.

Eligible accounts include:

- U.S. Bank Business Savings or Money Market Account
- A secondary U.S. Bank Business Checking Account
- U.S. Bank Business Reserve Line of Credit
- U.S. Bank Business Credit Cards
- U.S. Bank Cash Flow Manager or Advantage Line
- If you have a U.S. Bank Business Savings, Business Money Market account, or secondary U.S. Bank Business Checking account linked as Overdraft Protection, any automatic advances will be in $200.00 increments made to cover the overdraft. Automated transfers from a U.S. Bank deposit account are not assessed Overdraft Protection Transfer Fees.

If you have a U.S. Bank Business Reserve Line of Credit linked as overdraft protection, any automatic advances will be in $200.00 increments made to cover the overdraft. Please refer to your U.S. Bank Business Reserve Line Agreement for information regarding interest charges.

U.S. Bank Business Credit Card linked as overdraft protection, any automatic advances will be in $25.00 increments made to cover the overdraft. Advances on a U.S. Bank Business Credit Card Overdraft Protection Plan account are subject to the standard cash advance interest rate, as well as the current cash advance fee.

When the Bank accesses funds from an eligible line of credit or credit card, these types of transfers may be subject to additional charges such as annual fees. In addition, you may be subject to interest that will accrue on the amounts advanced in accordance with your line of credit or Cardmember Agreement. Please refer to your Cardmember Agreement for information regarding charges and fees.

Each time an overdraft protection transfer from a Business Reserve Line or a U.S. Bank Business Credit Card automatically transfers funds to the checking account, an Overdraft Protection Transfer Fee (daily fee) applies. The transfer fee amount posts as a separate transaction to the checking account.

Refer to the *Business Pricing Information* brochure for current fees. This brochure can be obtained by stopping in a U.S. Bank branch.

If you have a U.S. Bank Cash Flow Manager linked as overdraft protection, any automatic advances will be in $100.00 increments made to cover the overdraft. While no Overdraft Protection Transfer Fee is charged to the Cash Flow Manager account for any automated advance to cover an overdraft to your associated deposit account, you will incur an interest charge according to the terms of your agreement governing your credit account. Please refer to your U.S. Bank Cash Flow Manager agreement for information regarding interest charges.

If the negative Available Balance is caused by a monthly maintenance fee, service fee or statement/image fee only, overdraft protection will not advance. (For example, the account is overdrawn due to a Monthly Maintenance fee, overdraft protection will not advance. If additional transactions post, overdraft protection will advance to cover the negative Available Balance amount and an Overdraft Protection Transfer Fee may be charged.)

Business Overdraft Protection Agreements

U.S. Bank also offers certain business customers overdraft protection through separate written agreement. The terms of such agreement shall govern those Business Overdraft Protection Plans.

REFUSING PAYMENT ON YOUR CHECKS

You must fill in an amount (in words and numbers) correctly and clearly, and sign your name on checks you write. You should fill in the date and name a payee on your checks. If you don't name a payee, anyone can cash the check. If you fail to follow these rules, we may refuse to honor your checks.

When a check you write is presented to us by another bank for payment, we will generally accept the endorsements on the check, because if an endorsement is missing or forged, we have rights against the other bank that protect us. When a check of yours comes to us *other than through another bank*, we might not cash it if we are not comfortable with the endorsements on it or the identity of the person who presents it. This is especially true with an endorsement in the name of a business entity.

We may require anyone who presents a check for payment in person (other than an account owner presenting a check on his or her own account) to:

- pay a fee to cash the check if applicable; and
- give a fingerprint or thumbprint, and identification, as a condition of cashing a check.

If the presenter of the check refuses to comply with these requirements, or complies but later asserts that these requirements infringed on their legal rights, you understand and agree that imposing these requirements will not be considered a "wrongful dishonor" of your checks.

FUNDS TRANSFERS

Unless we have entered into a specific written agreement with you that provides otherwise, payment orders you give to us for the transfer of funds out of the account by wire transfer or otherwise, and payment orders we receive for the transfer of funds into the account, will be governed by this paragraph. In addition, your rights and obligations with respect to a payment order, and our rights and obligations, will be governed by (a) any separate written agreement with us; then (b) this section; and then, to the extent not specified in a separate written agreement or this Agreement; (c) by Article 4A of the Uniform Commercial Code ("UCC4A") as enacted in the state in which you have your account with us.

We reserve the right to refuse to accept any payment order. Payment orders are accepted when they are executed by us. We may process any payment order request (as well as any amendment or cancellation request concerning a payment order) that we believe is transmitted or authorized by you if we act in compliance with a security procedure

agreed upon by you and us. Such payment orders will be deemed effective as if made by you, and you will be obligated to pay us in the amount of such orders, even though they are not transmitted or authorized by you. Unless we agree on another security procedure, you agree that we may confirm the authenticity and content of a payment order (among other ways) by placing a telephone call to you. If we cannot reach you, or if the payment order is not confirmed or approved in the manner we require, we may refuse to execute the payment order.

YOU AGREE THAT IF A PAYMENT ORDER OR CANCELLATION THEREOF IDENTIFIES THE BENEFICIARY BY BOTH NAME AND AN IDENTIFYING NUMBER, AND THE NAME AND NUMBER IDENTIFY DIFFERENT PERSONS OR ACCOUNT HOLDERS, EXECUTION AND PAYMENT TO THE BENEFICIARY OR CANCELLATION MAY BE MADE SOLELY ON THE BASIS OF THE IDENTIFYING NUMBER. YOU ALSO AGREE THAT IF A PAYMENT ORDER IDENTIFIES AN INTERMEDIARY BANK OR THE BENEFICIARY'S BANK BY BOTH NAME AND AN IDENTIFYING NUMBER AND THE NAME AND NUMBER IDENTIFY DIFFERENT PERSONS, EXECUTION OF THE PAYMENT ORDER BY ANY BANK MAY BE MADE SOLELY ON THE BASIS OF THE IDENTIFYING NUMBER.

If we receive a funds transfer into any account you have with us, we are not required to give you any notice of the receipt of the funds transfer. The funds transfer will appear on your next periodic statement. To confirm the completion of funds transfers, please contact us through U.S. Bank 24-Hour Banking (see last page for phone numbers), usbank.com or the U.S. Bank Mobile App. Prior to the acceptance of an outgoing payment order, the outgoing payment order may be cancelled, but may not be amended or modified, if the beneficiary's bank is located within the United States of America and the outgoing payment order is to be paid in U.S. dollars. Other outgoing payment orders may not be cancelled, amended or modified. We must receive your cancellation in a reasonable time prior to the time we execute the outgoing payment order. Payment orders sent by Fedwire will be subject to the Federal Reserve's Regulation J, and payment orders sent via other payment systems will be subject to the rules of those systems. You agree that we may record all telephone conversations and data transmissions received from, made for or made on behalf of you pursuant to or in connection with a payment order.

YOU AGREE THAT IF A PAYMENT ORDER, OR ANY CANCELLATION OR AUTHORIZATION RELATING THERETO, BUT FOR THE APPLICABILITY OF THE ELECTRONIC FUND TRANSFERS ACT OF 1978 (AS IN EFFECT FROM TIME TO TIME), CONSTITUTES A PORTION OF A FUNDS TRANSFER AS DEFINED IN UCC4A, ALL ACTIONS AND DISPUTES CONCERNING SUCH PAYMENT ORDER, CANCELLATION OR AUTHORIZATION SHALL BE DETERMINED PURSUANT TO UCC4A AND THIS AGREEMENT TO THE FULL EXTENT PERMITTED BY LAW. If an outgoing payment order in a foreign currency cannot be completed, the exchange rate that will apply to any refund due you will be the exchange rate in effect at the time on the day the refund is made. Additional fees may be deducted from a payment order amount by other banks involved in the funds transfer process.

We may route payment at our own discretion for each outgoing wire transfer. A wire transfer is irrevocable once payment has been transmitted to the beneficiary's bank. At your request, we may request that the beneficiary's bank return funds previously transferred. However, you acknowledge that the beneficiary's bank is under no obligation to comply with this request.

WITHDRAWAL RIGHTS, OWNERSHIP OF ACCOUNT, AND BENEFICIARY DESIGNATION

The following rules govern the ownership and withdrawal rights of deposit accounts with the various titles given to them.

There are two primary issues that these rules control. The first is "withdrawal rights" and the second is "ownership."

By "withdrawal rights" we mean who has access to the funds in the account for all purposes. These withdrawal rights will control, for example, whose instructions we must follow, whose checks we must pay, and whose withdrawal requests we must honor. These withdrawal rights do not control who actually owns the funds, as between multiple parties to an account.

By "ownership" we generally mean who owns the funds in the account. In particular, by selecting a particular ownership, you are expressing your intention of how and to whom your interest in the funds in the account should pass in the event of your death.

If you create a type of account, you retain the right to change or close the account to the extent of the withdrawal rights you retain in your own name.

We make no representations as to the appropriateness or effectiveness of any particular ownership or beneficiary designations. Our only responsibility is to permit access to the account as provided by the withdrawal rights. You must consult with your own attorney or financial advisor as to whether and how to effect any change in actual ownership of funds in the account.

Individual Account. This is an account in the name of one person. Such an account is also referred to as a "single ownership" account.

Withdrawal Rights. The holder of such an account is the only person who has the right to withdraw from the account, unless we permit the holder to designate an agent or attorney-in-fact to the account.

Ownership. The holder of such an account is presumed to be the owner. Holding such an account, by itself, creates no additional ownership rights nor survivorship rights (nor does such type of ownership create or extinguish any community property rights). In almost all instances this type of account will pass, on the death of the owner, through the estate of the owner. (You must consult your own estate planner to be sure.)

Agents and "Attorneys-in-Fact." The owner of this type of account can nominate an authorized signer or attorney-in-fact.

Joint Account - With Survivorship. If your account is opened as a joint account, we will treat it as a joint account with right of survivorship unless our account records demonstrate a different type of ownership. This is an account in the names of two or more natural persons, with the following features:

Withdrawal Rights. Each joint tenant has complete and separate access to the funds and withdrawal rights, and each authorizes the other(s) to endorse for deposit any item payable to the joint tenant. Upon the death of any joint tenant, any surviving joint tenant will have complete withdrawal rights to the balance of the account. If there is more than one surviving joint tenant, such survivors remain as joint tenants with right of survivorship with the same withdrawal rights provided in this section.

Each joint tenant reserves the right to change the ownership of the account to the extent of that owner's withdrawal rights.

Ownership. Each joint tenant is presumed to "own" the funds in proportion to that person's net contribution to the account. Each joint tenant intends upon his or her death that the funds owned by such person will be owned by the survivor. If there is more than one survivor, the "ownership" of the decedent's funds will be shared equally with such survivors.

Other Titles. In some states, it is advisable to add either "not as tenancy in common" or "not as a tenancy by the entirety" or both to insure the intention described above.

Agents and "Attorneys-in-Fact." Any joint tenant can nominate an authorized signer or attorney-in-fact who can hold all the same withdrawal and deposit rights as the authorizing owner, except the authorized signer or attorney-in-fact will not be an owner (a joint tenant).

Joint Account with Survivorship - Arizona. A Joint Account with Survivorship in Arizona has a unique feature that will change the "ownership" rights on the death of one of the joint owners if there is more than one surviving joint tenant and one of the surviving joint tenants is the surviving spouse of the deceased joint tenant.

Withdrawal Rights. This rule will not change the withdrawal rights to the account on the death of a joint tenant; it only affects the actual ownership of the account balance, which will only affect the survivors, and will not affect our responsibilities under the account.

Ownership. If two or more parties survive and one is the surviving spouse of the deceased party, the amount to which the deceased party, immediately before death, was beneficially entitled by law belongs to the surviving spouse. If two or more parties survive and none is the spouse of the decedent, the amount to which the deceased party, immediately before death, was beneficially entitled by law belongs to the surviving parties in equal shares, and augments the proportion to which each surviving party, immediately before the deceased party's death, was beneficially entitled under law, and the right of survivorship continues between the surviving parties.

Tenancy in Common Accounts. A Tenancy in Common account is another form of joint account without the survivorship feature. A Tenancy in Common account is also in the name of two or more individual owners.

Withdrawal Rights. Each joint tenant has complete and separate access to the funds and withdrawal rights, and each authorizes the other(s) to endorse for deposit any item payable to the joint tenant. Until we receive notice of the death of any joint tenant,

any tenant in common will have complete withdrawal rights to the entire account balance.

If more than one tenant in common survives the death of another tenant in common, such survivors remain as tenants in common between them.

Each tenant in common reserves the right to change the ownership of the account to the extent of that owner's withdrawal rights.

Ownership. Each tenant in common is presumed to "own" the funds in proportion to that person's net contribution to the account. However, because of the extreme difficulty in determining such proportions over time, you agree that upon the death of one tenant in common, the balance in the account at the time immediately before the death of the tenant in common will be deemed to be owned in equal shares between all tenants in common. After death and our receipt of notice of such death, the decedent's share will be set aside for the estate of the decedent, and the survivor's share in the account balance will be at the disposal of the surviving tenant in common.

Other Titles. In some states this account is referred to as Joint Tenancy WITHOUT Right of Survivorship.

Agents and "Attorneys-in-Fact." Any tenant in common can nominate an authorized signer or attorney-in-fact who can hold all the same withdrawal and deposit rights as the authorizing owner, except the authorized signer or attorney-in-fact will not be an owner (a tenant in common).

Marital Account (Wisconsin). This account is an account established by two persons in Wisconsin who claim to be husband and wife. This account is, for such persons, the same as the Tenancy in Common account described above.

Marital Account with P.O.D. Beneficiaries (Wisconsin). This account is, first, the same as a Wisconsin Marital Account (which is, in turn, the same as a Tenancy in Common account described above).

Withdrawal Rights. During the lives of both parties to the marriage, the withdrawal rights will be the same as for the Marital Account. The beneficiaries have no withdrawal rights until the death of one of the marriage partners.

Ownership. Upon the death of one of the spouses, the surviving spouse owns 50% of the funds on deposit, and the P.O.D. beneficiary named by the deceased party (if that beneficiary is then surviving) owns the other 50%. Each spouse can name his or her own beneficiary.

If there is more than one beneficiary who is named by a party who survives, the shares of those beneficiaries will be equal.

On the death of one of the marriage partners, the account will have to be retitled and beneficiary shares will have to be redeposited or withdrawn.

Pay-on-Death Account. This is an account where one or more persons create the account and name one or more living persons as beneficiaries. Frequently the account title is A.B. Pay-on-Death to C.D. beneficiary.

Withdrawal Rights. The person who creates this type of account retains complete withdrawal rights in such an account during his or her lifetime and for his or her own benefit. The named beneficiary has no withdrawal rights to the account during the lifetime of the creator of the account. The owner can change or close the account, and change beneficiaries at any time.

On the death of the creator of the account, the beneficiary (on proof of death of the creator and proof of the identity as the named beneficiary), can withdraw the entire account balance. If there is more than one beneficiary who is named and survives the creator, the surviving beneficiaries acquire and can withdraw an equal share with the other surviving beneficiaries, without survivorship rights between beneficiaries. If a beneficiary dies before the creator, neither the beneficiary's estate nor heirs acquire anything on the death of the owner.

If more than one person creates such an account, then such creators have complete and separate withdrawal rights between them during their joint lives, and the survivor of them will have complete withdrawal rights upon the death of the other creator. Named beneficiaries can withdraw a share of the account balance only upon the death of the last creator and only if such beneficiaries are then alive (and upon proof of the deaths of the creators and their own identity as the named beneficiaries). In effect, if more than one person creates this type of account, with one or more beneficiaries, the account has first all the incidents of a "Joint Account with Survivorship" and only after there is but one joint tenant does the account have the incidents of a "Pay-on-Death" account.

Ownership. The creator of this type of account is presumed to own the funds during his or her lifetime and intends that ownership to pass to the beneficiary only upon his or her death and only if the named beneficiary survives him or her. If there is more than one creator, the ownership between such creators is the same as that between joint tenants with right of survivorship, with the same incidents upon the death of a joint tenant.

If there is more than one beneficiary who is named and survives the creator(s), the creators intend his, her or their ownership rights to pass to the then surviving beneficiaries in equal shares, with no survivorship rights between them.

Other Titles. This type of account has other names such as "Tentative Trust," "Totten Trust," "In Trust For" and "Revocable Trust." In states where one of these trust accounts is recognized, the creators of such accounts will be referred to as a "settlor" or "grantor." Nevertheless, all the incidents of such an account, the rights of the grantor(s) and beneficiaries are exactly the same as described for "Pay-on-Death" accounts above. Only the names have been changed.

Revocable Trust or Pay-on-Death Account (not subject to the Nonprobate Transfers Law of Missouri)

In Missouri, a Revocable Trust or Pay-on-Death account may include an appendage to its title "not subject to the Nonprobate Transfers Law of Missouri." This appendage does not change the features of the account as described above for Pay-on-Death accounts.

Registration in Beneficiary Form - Missouri

Adding the acronym ***LDPS*** (which stands for lineal descendants, per stirpes) to a Revocable Trust or Pay-on-Death account in Missouri, changes the rights of beneficiaries of such accounts. LDPS designation means that if a named beneficiary of such an account dies before the account owner, then the unnamed lineal descendants of that deceased beneficiary will acquire the share of the deceased beneficiary on the death of the owner per stirpes.

UTMA (Uniform Transfers to Minors Act) Account

This is an account in the name of an adult custodian (or possibly a corporate custodian) for the benefit of a person who is a minor at the time the account is created.

Withdrawal Rights. During the minority of the child (as defined under applicable UTMA laws), the custodian has all withdrawal rights, but is required by law to exercise those rights solely for the benefit of the child. We, however, have no duty or agreement whatsoever to monitor or insure that the acts of the custodian are for the child's benefit.

The custodian is required to turn over the account balance when the child reaches the age of majority. The custodian authorizes us, at our discretion, to exercise the custodian's duty to transfer funds to the child at the child's request upon reaching the age of majority.

Ownership. The child/beneficiary is at all times the owner of the funds in the account.

UGMA (Uniform Gifts to Minors Act) Account

A few states have not adopted the Uniform Transfers to Minors Act. These few states have, for our purposes, an equivalent statute known as the Uniform Gifts to Minors Act, which has the same incidents as those described above for the UTMA account.

Fiduciary Account

A fiduciary account is an account opened by or taken over by an executor, administrator, personal representative, guardian, conservator, trustee, or other fiduciary in such capacity. Any fiduciary named as a signer on a fiduciary account shall be solely responsible for acting in accordance with the terms of the applicable laws, will, court order or trust instrument establishing and covering the fiduciary relationship, and we are not responsible for examining, or insuring compliance with the provisions of any such law or instrument.

Corporate, Partnership, Limited Liability Company and other Organizational Accounts

These are accounts opened by any business organization or association. We reserve the right to require the account holder(s) to furnish us with such resolutions, agreements or documents as we may reasonably request to evidence the authority of individuals to act on behalf of the account holder(s). We will honor such an authorization until we receive written notice of change from the governing body of the organization. It is mutually agreed that the power and authority of each person named as authorized to take action with respect to the account shall continue in full force and effect until we receive actual written notice of revocation, whether the same be brought about by dissolution of the account holder or otherwise.

PLEDGES AND SECURITY INTERESTS IN FAVOR OF OTHERS

You cannot give a security interest or pledge your account to someone other than us without first getting our express written consent. We are not required to give consent to a security interest or pledge to someone else.

Unless we agree in a separate writing otherwise a security interest or pledge to someone else must be satisfied or released before any right to withdraw from the account can be exercised, including any right that arises by surviving the death of an owner (for example, a surviving joint tenant or beneficiary of a pay-on-death account).

ACCRUAL OF INTEREST

We will begin to accrue interest on deposits drawn from other banks at the time we get credit for the deposit in the collection process, which is not necessarily the same time as the time we make funds available for withdrawal.

If your account (for example a savings account) earns a variable rate of interest, we can change that rate at any time without notice to you, except as specifically provided in writing in the account disclosure or agreement. If the interest rate for your account(s) or the index or other referenced rate upon which the interest rate for your account(s) is based, is at any time less than zero percent, you agree to pay all amounts of the negative interest or fees which we impose as compensation for the negative interest rate.

You can find out our current rates on accounts that earn interest in our branches, from U.S. Bank 24-Hour Banking, or at usbank.com. The telephone number is at the end of this booklet.

STOP PAYMENTS

Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts drawn on your account. Rules for stopping payment on other types of transfers of funds, such as consumer electronic fund transfers, are covered elsewhere in the **Electronic Banking Agreement for Consumer Customers** section.

Here is what you must do to stop a payment:

ACH Check Conversion

An ACH Check Conversion is a transaction that starts as a paper check that you give to a merchant. The merchant converts the check, using the information on the paper, to send an electronic message to a bank to immediately take the money from your account. The merchant is required to post a notice about ACH Check Conversion in a prominent and conspicuous location at the time of the transaction. You can stop payment on an ACH Check Conversion only if it has not yet been presented by the merchant.

Electronic Fund Transfers

You can stop payment of certain types of electronic transactions. Please refer to the Electronic Banking Agreement section for details.

Checks and drafts

If you want to stop payment of a check, you must stop by a U.S. Bank branch or call U.S. Bank 24-Hour Banking (see last page for phone numbers). Writing to us will take too much time and we will not

have time to act on your request before the check is paid. We will need the following information:

1. the account number the check is written on;
2. the check number;
3. the dollar amount;
4. the date; and
5. the name of the person you wanted to pay.

This information must be exact and correct. If it is not, we will not be responsible if the item is paid.

Who can stop a payment and for how long?

1. Any owner can stop payment of any check on the account whether that owner wrote the check or not (and assuming the item can still be stopped).
2. A stop payment order is effective for 24 months or longer, as determined at the time the stop payment order is placed. You must renew it prior to the expiration of the stop payment effective period or the item could get paid. We will not notify you when the stop payment effective period ends. Fees may be assessed for placing a stop payment order.
3. Only the owner who made the stop payment order can release it.
4. You must give us sufficient notice so that we have a reasonable period of time to act upon your request and verify that the item has not been paid.

Effect of a stop payment

When you stop payment of a check, you may still be obligated to the payee, and the payee may still have the right to collect on the check or the underlying transaction. If we have to defend ourselves for letting you stop payment on a check, you have to protect us by paying our expenses, including our reasonable attorney's fees.

What if we don't stop payment?

We cannot stop payment of a check that has already been paid.

If you ask us to stop payment of a check and we pay it anyway, we gain whatever rights the payee has against you. This means, if the check should have been paid, or the payee has the right to collect from you anyway, we can collect from you. Therefore, if we pay an item that should have been stopped, before we recredit your account, you will have to prove to us that by our payment you have suffered a loss and the cause is our failure to stop the payment.

What kinds of checks does this NOT apply to?

This section does not apply to items not drawn on your account, such as teller's checks, official (cashier's) checks, and accepted checks (e.g., certified checks). We have no responsibility to honor your request to stop payment of items not drawn on your account. If we agree to stop payment on these items, we may require you to provide us with additional security (for example, a bond or collateral) and you agree to indemnify us for any damages and costs we incur as a result of stopping payment of such items.

Fee

To stop a payment you must pay our fee, the amount of which is disclosed in the pricing information disclosure or agreement for your account.

DORMANT ACCOUNTS AND ESCHEAT

A **dormant account** is an account that has been inactive. Generally, subject to state law, "inactive" means there has been no deposit, withdrawal or other communication from you about the account for the period of time as follows:

1. after 11 months for a checking account;
2. after 23 months for a savings account including those that offer limited (no more than six per month) check writing options.

For security reasons, we may refuse a withdrawal or transfer from an account we internally classify as inactive if we cannot reach you in a timely fashion to confirm the transaction's authorization.

We charge a dormant account fee, unless excluded by account type or prohibited or restricted by state law. The dollar amount and frequency is disclosed in our pricing information disclosure.

If your account has a zero balance, we reserve the right to close it. Any accounts linked as overdraft protection will be de-linked as part of the closure process. Refer to CLOSING YOUR ACCOUNT for additional information.

Escheat is the term that is used to describe the process of transferring an account balance to the state government after an account has been dormant and if our attempts to contact you fail.

The time period after which funds must escheat to the state varies from state to state. Once the funds are transferred to the state, you may be able to recover the funds from the state itself, but not from us.

As permitted by the state, we may deduct the cost of required due diligence from the balance of your account. This due diligence may include first class and certified mailings or public notices about your account's pending escheatment, as required by state law.

SPECIAL PROVISIONS FOR THIRD-PARTY ACCOUNTS

If you have opened a deposit account on behalf of the beneficial owner(s) of the funds in the account (for example as an agent, nominee, guardian, executor, custodian or funds held in some other capacity for the benefit of others), those beneficial owners may be eligible for "pass-through" insurance from the FDIC. This means the account could qualify for more than the standard maximum deposit insurance amount (currently $250,000 per depositor in the same ownership capacity). If the account has transactional features (such as check writing capabilities or the use of debit cards), as defined in 12 C.F.R. 370.2(j), you as the account holder must be able to provide a record of the interests of the beneficial owner(s) in accordance with 12 C.F.R. 370.5(a) and with the FDIC's requirements as specified below.

The FDIC has published a Deposit Broker's Processing Guide that describes the process to follow and the information you will need to provide in the event U.S. Bank fails. That information can be accessed on the FDIC's website at https://www.fdic.gov/deposit/deposits/brokers/ In addition, the FDIC published an Addendum to the Deposit Broker's Processing Guide, section VIII, which is a good resource to understand the FDIC's alternative recordkeeping requirements for pass-through insurance and is accessible at the website above. The Addendum sets forth the expectations of the

FDIC for pass-through insurance coverage of any deposit accounts, including those with transactional features. The Addendum will provide information regarding the records you keep on the beneficial owners of the funds, identifying information for those owners, and the format in which to provide the records to the FDIC upon failure of U.S. Bank. You must be able to provide this information in a timely manner in order to receive payment for the insured amount of pass-through deposit insurance coverage as soon as possible. You have an opportunity to validate the capability to deliver the required information in the appropriate format so that a timely calculation of deposit insurance coverage can be made. Please contact your account representative for details on the validation process.

You agree to cooperate fully with us and the FDIC in connection with determining the insured status of funds in such accounts at any time. In the event of failure of U.S. Bank, you agree to provide the FDIC with the information described above in the required format within 24 hours of the failure of U.S. Bank. As soon as the FDIC is appointed, a hold may be placed on your account so that the FDIC can conduct the deposit insurance determination; that hold will not be released until the FDIC obtains the necessary data to enable the FDIC to calculate the deposit insurance. You understand and agree that your failure to provide the necessary data to the FDIC may result in a delay in receipt of insured funds and legal claims against you from the beneficial owners of the funds in the account. If you do not provide the required data, your account may be held or frozen until the information is received, which could delay when the beneficial owners could receive funds. Notwithstanding other provisions in this Agreement, this section survives after a receiver is appointed for us, and the FDIC is considered a third-party beneficiary of this section.

CONSUMER ELECTRONIC CHECK REPRESENTMENT

If you write a check on a personal account that we return unpaid because of insufficient or uncollected funds, the depositor of the check or the depositor's bank may resend ("represent") the check to us electronically. That is, the depositor or the depositor's bank may send us an electronic instruction ("electronic represented check") to charge your account in the amount of the check.

Our Handling of Electronic Represented Checks. If we receive an electronic represented check from the depositor or the depositor's bank, we will pay or return the electronic represented check as if the original paper check were being represented to us. The section titled **"Electronic Fund Transfers"** will not apply to any electronic represented check.

Ineligible or Unauthorized Electronic Represented Checks. For an electronic represented check to be charged to your account, all of the following must be true:

- the electronic represented check must relate to a paper check drawn on a personal account that we returned unpaid because of insufficient or uncollected funds;
- the paper check must not have contained an unauthorized signature or an alteration and must not have been a counterfeit;
- you must not have placed a stop payment on the paper check after we returned it unpaid but before it was collected electronically;

- the paper check must have been less than $2500.00 in amount;
- the paper check must have been dated 180 days or less before the date on which the electronic represented check is sent to us;
- the electronic represented check must be for the face amount of the paper check only and may not include any collection fee charged by the depositor, the depositor's bank, or a collection agency;
- the payee of the paper check must have given you notice that, if we returned the paper check unpaid because of insufficient or uncollected funds, the fee could be collected electronically; and
- the electronic represented check must have been sent to us no more than twice after the first time we returned the paper check, or no more than once after the second time we returned the paper check.

You may have the right to reverse any ineligible or unauthorized electronic represented check that we charged to your account. If you want to reverse an electronic represented check because you placed a stop payment on the paper check to which the electronic represented check relates after we returned the paper check unpaid but before it was collected electronically, you must notify us within 15 days after we send or make available to you the periodic statement that reflects payment of that electronic represented check. If you want to reverse an electronic represented check for any other reason, you must give us an ACH Claim Form within 15 days after we send or make available to you the periodic statement that reflects payment of that electronic represented check. An ACH Claim Form may be obtained by contacting U.S. Bank 24-Hour Banking or a local U.S. Bank branch. In your claim form, you must declare and swear under oath that the electronic represented check was ineligible or unauthorized. If we receive your notice or claim form within the 15-day period, we will recredit your account with the amount of the charge but will not be responsible for any other damages associated with the transaction.

Stop Payment. If you wish to stop payment of any electronic represented check, you must follow the procedures contained in the rules for stopping payment of checks, not the procedures contained in the rules for stopping payment on electronic loan or bill payments.

CHECKING ACCOUNTS AND "SUBACCOUNTS"

For regulatory accounting purposes we may designate two sub-accounts for a checking account; one sub-account is a savings (non-transaction) account and the other is a checking account. Checks and other third-party transfers are paid from the checking (transaction) account. As necessary, we transfer funds from the savings sub-account to the checking sub-account automatically. You cannot access the savings sub-account directly. This accounting device does not affect either the appearance or the operation of your checking account in any way.

TELEPHONE TRANSFERS

If you have more than one account with us, including a credit card or open-end loan account, you can transfer funds between your accounts by telephone. You will need to have a PIN, and enter your account numbers, and other qualifications, but if you meet them,

1. you can transfer funds between your accounts by calling our 24-hour phone banking (see last page of this booklet for phone numbers), and
2. telephone transfers may be made by the same account owners/signers and usually under the same conditions as generally applicable to withdrawals made in writing or by other means.

A transfer made by telephone is not immediately completed. It may take as long as one business day for us to verify the transaction and make the transfer. Consumer customers are assigned or can choose a PIN when requesting a ATM or Debit Card. Consumer customers without a debit card or ATM card can request a PIN by speaking to a 24-Hour Banking representative at 800.872.2657. A form is sent by 24-Hour Banking to the customer for completion and must be mailed back to the address on the form. A confirmation letter is mailed to the customer once the PIN has been established.

REAL-TIME PAYMENTS / PROHIBITION ON FOREIGN PAYMENTS

Real-Time Payments ("RTP") is an electronic payment system which permits payment senders to send funds in real-time to payment receivers for deposit into the payment receiver's account(s). This means that a payment receiver will have near immediate availability of funds sent using an RTP system. The RTP system is intended for domestic payments only. It prohibits payments which involve either a sender or receiver located outside the United States. You agree that to the extent you either send or receive payments through an RTP system, you will not use your accounts to do so on behalf of a person who is not a United States resident or otherwise domiciled in the United States and that you will comply with all regulations of the Office of Foreign Assets Control.

REQUIRED SIGNATURES

Signature Comparison. We process certain items mechanically, based on information encoded on checks and other transaction items, and we are not required to examine items and debits drawn on your account. We collect your signature to obtain your agreement to the rules we establish for your account, but this does not create any responsibility on our part to verify signatures on items and other charges to your account.

Number of Signatures. You agree that if you

1. require the signatures of two or more persons to open an account;
2. have an account in which more than one signature is required to complete a transaction;
3. authorize someone to transact some but not all transactions on your account;
4. authorize someone to transact business on your account for limited purposes and no others; or
5. use checks that require two or more signatures,

such arrangements are strictly between you and the other person(s) you authorize, whether we have notice of your arrangement (including in a form we provide you) or not. You cannot assert a claim against us for permitting a transaction so long as any one of

the owners or authorized persons sign or initiate the transaction, even if a person exercises more authority than you have given.

CHANGES TO OUR AGREEMENT WITH YOU

We may change any term of this Agreement. We will give you reasonable notice in writing or by any other method permitted by law. You agree that in any event 30 days written notice is reasonable.

If we notify you that the terms of your account have changed, and you continue to have your account after the effective date of the change, you have agreed to the new terms. For consumer customers, rules governing changes in interest rates are provided for separately in the Truth-in-Savings disclosure(s) or in another document.

CLOSING YOUR ACCOUNT

This section does not apply to an active time deposit (or certificate of deposit) account.

If you intend to close your account: If you intend to close your account with us, you should tell us; simply transferring all the money in your account and reducing your account balance to $0.00 is insufficient notice and may result in additional fees charged to your account.

If you close your account,

1. you are still responsible for transactions you arranged for, including those that arrive after the account is closed;
2. you should pay special attention to pre-authorized electronic deposits to your account and payments from that account; you should reroute the deposits to another account and make other arrangements for the payments, with us and the other institutions involved;
3. you should not close your account until all the transactions you arranged for have been cleared, and you should leave enough funds to clear them and the fees that might be due; and
4. if it is an interest-bearing account, accrued interest will not be paid.

If your account is closed and you have a debit or ATM card associated with the account, you will need to either:

1. close the associated card; or
2. select a new account to be linked to your card.

If you do not designate a new account, the bank will automatically assign your ATM/debit card to a new account from any eligible account where you are an owner/joint owner. If there are no eligible accounts the card will be closed.

We can close your account:

We can close your account, ATM and debit card for any reason or for no reason at all. If we close your account, we will send you notice within ten days after closing and/or indicate the closure on your next account statement. We will send the collected account balance to you at your last known address as reflected in our account records. At our sole discretion we may, but are not required to, withhold a sufficient sum to cover any outstanding items and likely fees. If we withhold any money for such contingencies,

we will refund that to you after we are satisfied that no further withholding is necessary.

If your account is closed for any reason, you authorize us to re-open your account to process any transactions authorized prior to account closure, or for other purposes consistent with applicable law.

As part of the account closure, any accounts linked to the Checking Account as overdraft protection will be de-linked. If a U.S. Bank Reserve Line of Credit is linked as overdraft protection to a Checking Account that is closed for any reason, the Reserve Line will also be closed, and you must repay any remaining balance according to the monthly payment coupon included in your future periodic statements.

STATEMENTS AND NOTICES

Statements. We will periodically make available to you a paper or eStatement of your checking or savings account. These statements show the transactions that occurred in the time period covered by the statement. If you elect **not** to receive or review your statement, you are still responsible for having access to the information provided in the statement. At our option, a statement will not be produced in any statement period in which service charges, fees, reversals, refunds or interest are the only transactions on the account. When other activity exists, such as a deposit or withdrawal, a statement will be available to you and will include all transactions which have occurred since the last statement (this includes any service charges, fees, reversals, refunds or interest that occurred since the last available statement). At a minimum, all accounts will receive an annual statement. Regardless of how frequently a statement is made available, monthly service charges and other account fees will continue to be deducted from the account. In addition, applicable interest will continue to accrue and be paid periodically as disclosed in the product pricing information disclosure.

Combined Statements. If you have multiple accounts with us, we may at any time automatically combine your accounts on a single, easy-to-read monthly statement. We will only combine statements for accounts that have common ownership (meaning at least one owner is common across multiple accounts) and the same address and Social Security Number.

If you prefer to continue receiving separate statements, please contact U.S. Bank within 30 days of receiving your combined statement. You may reach us by calling one of the numbers listed on the back of this brochure, sending a letter to U.S. Bank, 60 Livingston Ave, EP-MN-WS5D, St. Paul, MN 55107, or sending a secured email by logging on to usbank.com and selecting "Contact Us". Please include the following information in your correspondence: your name, account number(s) and the reference code "CMBSTMN."

Your address. You must give us your correct address, and if you move or change your address, you must keep us advised. You are responsible for messages and statements we send to the most recent address you have given us. We may also update your address in our records without a request from you if we receive an address change notice from the U.S. Postal Service or if we receive updated address information from our mail services vendor.

If you agree to accept mail electronically, you must give us your accurate email address and keep us up to date with any changes to your address. You are responsible for keeping your email functioning properly, or advising us if it does not work.

Multiple owners. Periodic statements and notices that we make available to one owner or agent/signer of an account will be the same as providing statements and notices to all owners of an account. You agree to designate the primary address for purposes of receiving statements and other account correspondence. Each account owner agrees that we may send any legal notice or legal process affecting any owner or the account to the primary address designated on the account. Each account owner agrees to notify the other owners of any legal notice received at that address pertaining to such other account owner or to the account.

Your Duty to Examine Your Statement. As used in this section, the term "problem" means any error, alteration, counterfeit check, or unauthorized transaction (including, but not limited to, forged or missing signatures and excluding consumer electronic banking transactions) related to your account. Because you are in the best position to discover any problem, you agree to promptly examine your statement and report to us any problem on or related to your statement within 30 calendar days after we mail the statement (or make the statement available) to you. You agree that we will not be responsible for:

1. any problem that you do not report to us in writing within a reasonable time not to exceed 30 calendar days after we mail the statement (or make the statement available) to you;
2. subsequent problems or fraudulent items occurring after 30 days of the first occurrence; if you fail to report the problem within 30 days of the first occurrence reported on your statement;
3. results from a forgery, counterfeit or alteration so clever that a reasonable person cannot detect it (for example, unauthorized checks made with your facsimile or other mechanical signature device or that look to an average person as if they contain an authorized signature); or
4. as otherwise provided by law or regulation.

You agree to waive any rights to recovery you may have against us if you do not provide notice to us in the manner and within the time required by this Agreement. You may not start a legal action against us because of any problem unless: (a) you have given us the above notice and (b) the legal action begins within one year after we send or make your statement available to you. You agree that if the problem is the result of a series of events (for example, multiple forgeries over a period of time) then the date the first event occurred is the date from which the period to bring a legal action will begin to run. If you make a claim against us in connection with a problem, we reserve the right to conduct a reasonable investigation before re-crediting your account and you agree to fully cooperate in such investigation. Within 30 days of the date of mailing, you agree to complete and return an affidavit of unauthorized paper debit on the form we provide you along with any other information we may request. You further agree to file a police report if we request. If you refuse to sign such an affidavit or fail to return the affidavit and other requested documentation within 30 days of the date we mail it to you, you agree that we may consider the matter resolved

and reverse any provisional credit provided. At our sole discretion, we may, but are not obligated to, provisionally credit your account during the investigation for all or a portion of the amount claimed. Any provisional credit to your account may be reversed if you fail to fully cooperate in our investigation or, if as a result of our investigation, we determine that the charge to your account was proper. You agree to pay any fees assessed or accrued against your account during the investigation or that may arise upon reversal of any provisional credit.

For problems involving an electronic banking transaction, please refer to the **"Electronic Banking Agreement"** sections of this brochure.

This time period for you to examine your statement and report problems to us are without regard to our level of care or the commercial reasonableness of our practices, and without regard to whether cancelled checks are supplied to you.

Contact us if you do not receive your regular statement. If this is a business account, you agree that you will have at least two people review your statements, notices, and returned checks, or in the alternative, the person who reviews these will be someone who does not have authority to transact business on the account.

RETURN OF CANCELLED CHECKS

For some specific consumer and business checking accounts we currently offer two plans, with respect to the return of cancelled checks:

1. Check Safekeeping: paid checks that are not returned - your statement will show the check number, the amount, and the date it is paid; or
2. Image Checks on Statement: paid checks that are not returned - your statement will include a reduced image of the front of the check or front and back of a check in addition to the number, amount and date the check is paid as part of the statement; (See the **CHECK 21** section; the images sent with your statement are **not** substitute checks themselves, but some may be images of substitute checks.).

Option 1 is what you will get unless you specifically ask for option 2. The checking accounts for which these options are available vary. The products and our fee structures for each option are disclosed in the *Consumer Pricing Information* or *Business Pricing Information* disclosure or agreement for your account.

(Both can be obtained by stopping in a U.S. Bank branch or for the *Consumer Pricing Information* only, call 800.872.2657 to request a copy.)

If you take option 1 or 2, and you have need for a specific paper check, we can provide a substitute copy to you upon request.

CHECKS, CHECKING ACCOUNTS AND SAVINGS ACCOUNTS WITH DRAFT ACCESS

NOW Accounts: Transaction accounts are NOW Accounts on which you can write negotiable orders of withdrawal. Negotiable orders of withdrawal look and function like checks, and the rules governing checks also apply to them. Depending on account features, NOW Accounts may or may not bear interest. Although we have no intention of exercising this right, federal regulations

require that we reserve the right to require at least seven days' written notice prior to withdrawal or transfer of any funds on your NOW Account.

SAVINGS ACCOUNTS

By the term "savings" account we mean an account that earns interest but has no specific maturity date or required notice period. (A maturity date or a required notice period is a characteristic of a time deposit or certificate of deposit.)

We will provide you with a periodic (quarterly, monthly, annually based on your account type and account activity) statement for your savings account and you must examine your statement for errors or forgeries just as you should for your checking account.

Savings Account Transaction Policy

We reserve the right to require seven days' notice before any withdrawal from any savings account, though it is very unlikely we will require such notice and, if we do, we will require it for all savings accounts.

S.T.A.R.T. PROGRAM AGREEMENT

(New enrollment discontinued as of November 15, 2015)

Savings Today And Rewards Tomorrow®

S.T.A.R.T. is a program offered by U.S. Bank to help you achieve and maintain your savings goals. The following information provides the terms of the S.T.A.R.T. Program (the "Program"), the details you need to know to enroll in and manage your savings plan, as well as the terms for earning rewards under the Program. We may change these terms at any time, in which case we will provide you notice of those changes. Please read these terms carefully and contact us if you have any questions. By enrolling in the Program, you agree to these terms.

Enrollment Process and Eligibility

To be eligible for the Program, you must meet, and continue to meet, the following three requirements:

1. Open and/or maintain an active U.S. Bank Package, including:
   - A Silver, Gold or Platinum Package Checking account AND
   - A Package Money Market Savings account

   Note: Account ownership must be identical for both the package checking and package money market savings accounts.
2. Enroll in the Program.
3. Schedule and maintain a qualifying transfer from your Package Checking account to your Package Money Market Savings account.

Qualifying Transfers Options

A qualifying transfer must occur at least once per month from your Package Checking account ("checking account") to your Package Money Market Savings account ("savings account"). Three transfer options are available for you to choose. You are required to set up at least one option but can utilize all three choices.

Note: Qualifying transfers may not be processed if your checking account has a negative Available Balance or if your balance would become negative as a result of the transfer.

1. Scheduled Transfer option: A recurring regularly scheduled transfer based on a specific amount transferred from the Package Checking to the Package Money Market Savings on a specific date(s) you select.

- Transfers can occur daily, weekly, every other week, or can be based on a specified date(s) or day(s) during the month. One-time or same-day transfers do not qualify.
- Example: Schedule a transfer of $10.00 from your checking account to your savings account on the 1st of each month.

2. Transfers Based on Debit Card Purchases: A recurring transfer from the Package Checking account to the Package Money Market Savings account based on each number of U.S. Bank Debit Card purchases you make, transferred on the business day after the transaction is posted.

- Select a dollar amount between $.25 and $5.00 to transfer for each purchase transaction.
- The total number of debit card purchase transactions posted to your checking account each day will be multiplied by the per transaction dollar amount selected. That amount will be transferred from your Package Checking account to your Package Money Market Savings account.
- The debit card must be associated with the enrolled checking account. For joint checking accounts, more than one debit card can be designated and a separate transfer will occur for the activity of each card.
- Example: You have selected a transfer amount of $.50. If five debit card purchases post on Tuesday, a transfer of $2.50 will occur on Wednesday (from your checking account to your savings account).

3. Transfers Based on Credit Card Purchases: A recurring transfer based on the number of U.S. Bank Credit Card purchases you make, transferred on the business day after the transaction is posted.

- Select a dollar amount between $.25 and $5.00 to transfer from the Package Checking account to the Package Money Market Savings account for each credit card purchase transaction.
- The total number of credit card purchase transactions posted to your credit card each day will be multiplied by the dollar amount selected. That amount will be transferred from your Package Checking account to your Package Money Market Savings account.
- The credit card owner's name must also be an owner on the enrolled S.T.A.R.T. checking account. For joint checking accounts, more than one credit card can be designated, and a separate transfer will occur for the activity of each card.
- All U.S. Bank-branded, co-branded or affinity credit cards are eligible.
- If more than one credit card is enrolled in S.T.A.R.T. for this transfer option, separate transfers will occur for the total purchases posted to each card.
- Example: You have selected a transfer amount of $3.00. If two credit card purchases post on Monday, a transfer of $6.00 will occur on Tuesday (from your checking account to your savings account).

S.T.A.R.T. Goals and Rewards

The Program offers two rewards that can be earned by achieving and maintaining a specific account balance – called your Goal Balance – in your savings account. Your Goal Balance is the account balance of your Package Money Market Savings account at time of enrollment, plus $1,000.00. You must reach Goal 1 before you become eligible for Goal 2.

S.T.A.R.T. Goal 1: When you reach the Goal 1 Balance in your Package Money Market Savings account AND a qualifying transfer occurs within 35 days of meeting the Goal 1 Balance, you will earn a $50.00 U.S. Bank Rewards Card.

S.T.A.R.T. Goal 2: When you maintain the Goal Balance in your Package Money Market Savings account for 12 consecutive months from the date of meeting Goal 1, you will earn a $50.00 U.S. Bank Rewards Card.

Note: Reward(s) will be sent to the primary savings accountholder within 30 days of goal verification. Rewards will be reported as interest earned on IRS Form 1099-INT. The accountholder is responsible for any applicable taxes. If your savings account is subject to State or Federal tax withholding, the amount of your U.S. Bank Rewards Card will have taxes withheld. A customer is eligible to earn only one of each goal type, for a maximum reward of $100.00.

Rewards Cards cannot be reloaded with additional funds, nor can they be used at an ATM. No cash access. Terms and conditions, including fees, apply. Rewards Cards are issued by U.S. Bank National Association pursuant to a license from Visa U.S.A. Inc. © 2021 U.S. Bank.

Monitor and Make Changes to your S.T.A.R.T. Selections

You can make changes to any transfer option, add or delete transfer selections, and monitor your goal progress: by accessing your account via online banking, speaking with a banker at a participating branch, or calling U.S. Bank 24-Hour Banking (see last page for phone numbers). Additionally, S.T.A.R.T. mobile or email alerts can be set up through online banking, and your monthly statements will provide S.T.A.R.T. progress information.

Program Termination

Your participation in S.T.A.R.T. will end if:

- You notify your banker that you no longer wish to participate in the Program.
- Your Package Checking account or Package Money Market Savings account is closed, is transferred to another product, or the account ownership does not match on both the checking and savings accounts.
- A qualifying transfer is not scheduled for six consecutive months when working towards Goal 1 achievement.

TIME DEPOSITS

A time deposit is more commonly known as a certificate of deposit or CD. With a time deposit, you agree to keep your deposit with us for a specified period of time, or agree to give a required advance notice prior to withdrawal, and we agree to pay you interest at an

agreed upon rate, or an agreed formula for a rate, for that period of time.

We are not required to permit an early withdrawal from a time deposit, and if we do, it will be on condition that you pay an early withdrawal fee and penalty. The amount of that penalty will be disclosed to you when you open such an account.

All the features of your time deposit will be disclosed to you when you open the account. You can call 24-Hour Banking, visit a local U.S. Bank branch, or go to usbank.com to find out what CD products and terms we offer.

If your time deposit, including single maturity, automatically renewable or Individual Retirement Account CDs, remains inactive for a pre-determined period of time, as required by state, and our attempts to contact you fail we may transfer or escheat your funds to the state as required.

Escheat is the term that is used to describe the process of transferring an account balance to the state government after an account has been dormant for a pre-determined period of time, as required by state, and if our attempts to contact you fail.

The time period after which funds must escheat to the state varies from state to state. Once the funds are transferred to the state, you may be able to recover the funds from the state itself, but not from us.

As permitted by the state, we may deduct the cost of required due diligence from the balance of your account. This due diligence may include first class and certified mailings or public notices about your account's pending escheatment, as required by state law.

LIMIT OF LIABILITY

We process millions of transactions every day, with the help of complicated technology and other companies. If we make a mistake and charged you more than we should have, or failed to give you credit you were due, we will correct the error, so long as you give us sufficient and timely notice and an opportunity to fix it. See the section above titled **Statements and Notices,** for your duty to pay attention to your statement and report any errors.

You agree – to the extent allowed by law – to waive any indirect, incidental, special, consequential and punitive damages for errors or mistakes we make in good faith. This includes damages that might otherwise be available in a tort or contract action, and whether the consequences are foreseeable or not.

ELECTRONIC MESSAGES AND AGREEMENTS

Many customers use the Internet and email as their primary form of communication with us. If you provide us with an email address, you agree that we may communicate with you via email and you further agree to notify us of any changes to your email address.

You agree that we may make agreements with you by electronic means. Your authorization and consent to such an agreement, or your delivery of instructions, may be made by use of certain numbers, codes, marks, signs, personal identification numbers (PINs), public or private keys or other means, acceptable to you and to us, to establish your identity and acceptance of the electronic communications. All electronic communications that meet these requirements will be deemed to be valid and authentic and you

intend and agree that those electronic communications will be given the same legal effect as written paper communications signed by you. You agree that electronic copies of communications are valid and you will not contest the validity of the originals or copies, absent proof of altered data or tampering.

You are not required to accept electronic communications; we want you to be aware that this is an option for you to accept. **We will never ask you for sensitive account information, such as, passwords, PINs, Social Security numbers or account numbers via email. If you receive an email that appears to be from U.S. Bank asking for this type of information, immediately forward the email in its entirety (not as an attachment) to fraud_help@usbank.com.**

LEVIES, GARNISHMENTS AND OTHER LEGAL PROCESS

We are a national bank with many locations. You agree that for purposes of this part, we may treat your funds as existing at any and all locations where legal process can be served upon us or on an appointed agent of ours on our behalf. You understand and agree that a creditor or governmental agency may attach your account by service of legal process on any of our locations, at any site designated by us for acceptance of service of process, on any appointed agent of ours, or any other method authorized by law, court rule, or regulation. We may accept and comply with legal process served by any means, whether in person, by mail, facsimile, electronic transmission, or other means. You agree that we may not contest such legal process.

If we are served with a garnishment, levy, execution, or other legal process of apparent validity (together referred to as "legal process"), you understand and agree that we will pay all amounts in the account, or release information about your account, in satisfaction of the legal process and in compliance with our understanding of applicable law. If your account is a joint account, for purposes of responding to legal process, we will consider each joint owner to have an undivided interest in the entire account. Therefore, you agree we may pay all amounts in the account in satisfaction of any legal process, even if it attaches to the interest of fewer than all the account owners. You agree that we may process a levy, garnishment, or other legal process served on us even if we do not process it on the same day it was received. If you believe your funds are exempt from legal process, or otherwise should not be subject to the legal process (for example, if you own funds and the legal process applies to another joint owner, you believe the court, garnishor, or levying authority lacks jurisdiction over you or the property, or you believe the garnishment or levy names the wrong party as garnishee), you agree that it is your responsibility to raise any defense to the legal process against the party who originated the legal process or seek reimbursement from a joint owner, and you agree that we have no obligation to do so.

If we are served with any legal process that tries to attach or in some way prevent you from freely using your funds, you give us the right, but we have no obligation, to hold any portion of the funds during any time necessary to determine to our satisfaction who has the legal right to the funds. If we are not able to determine whether the funds are subject to the legal process, you agree that we may deposit the funds with any court which we deem to have jurisdiction over us or the property in your account and ask that court to determine

to whom the funds belong. You consent to the jurisdiction of such court to determine the legal right to the property in your account and agree to reimburse us for our expenses, including attorney's fees and expenses, arising out of the service of the legal process on us and our response to it.

If the legal process requires us to release information about one or more accounts for which combined statements are provided, we may release the entire combined statement even if other accounts on the statement are not covered by the legal process.

All legal process is subject to our rights of setoff and our security interest in your account. We will assess a service fee against your account for any legal process served on us regardless of whether the process is subsequently revoked, vacated, or released. Unless expressly prohibited by law, we will set off or enforce our security interest against your account for such fee prior to our honoring the legal process. We will not be liable to you if an attachment, a hold, or the payment of our fee from your account leaves insufficient funds to cover outstanding items. You agree to hold us harmless from any claim relating to or arising out of how we handle legal process pursuant to this part.

RESOLVING ACCOUNT DISPUTES AND ADVERSE CLAIMS

If a dispute arises concerning your account (including, for example, a dispute over who is an authorized signer or owner), or if we believe we have a claim against you or we have or receive a claim by a third party (including our affiliates) to all or a portion of the property (including money, certificates of deposit, securities and other investment property, financial assets, etc.) in your account, or if we have concerns regarding your account or the use of your account, we have the right to hold any portion of the property in your account until the dispute, claim, or concern is resolved to our satisfaction. We will not be liable to you if the hold we place on your account leaves insufficient funds to cover outstanding items. For purposes of this section, "account" includes any account you have with us or any of our affiliates (including, without limitation, agency, custody, safekeeping, brokerage, and revocable trust accounts). If the dispute, claim or concern remains unresolved, you agree that we may at our option deposit the property in your account with a court and ask the court to determine to whom the property belongs. If we deposit your property with a court, you agree that we may charge your account for our costs, including attorney's fees and expenses.

INCREASED COSTS TO MAINTAIN YOUR ACCOUNT

If your account becomes subject to a receivership, court order or bankruptcy, and we are required to implement changes as to your account that increase our costs to maintain your account (for example, a requirement for us to pledge property to secure your account above the amount of any deposit insurance on your account), you agree to reimburse us for the additional costs and any expenses incurred by us (including legal fees) to implement such required changes as to your account.

CONSUMER REPORT DISPUTES

We may report information about your deposit accounts to Consumer Reporting Agencies (CRA). As a result, this may prevent you from

obtaining services at other financial institutions. If you believe we have inaccurately reported information to a CRA, you may submit a dispute by calling 844.624.8230 or by writing to:

U.S. Bank Attn: CBDH Management, P. O. Box 3447, Oshkosh, WI 54903-3447. In order for us to assist you with your dispute, you must provide: your name, address and phone number; the account number; the specific information you are disputing; the explanation of why it is incorrect; and any supporting documentation (e.g., affidavit of identity theft), if applicable.

ACCOUNT INFORMATION

Our Privacy Pledge discloses the information we share with other entities for marketing purposes. We also may be required to provide information about you and your account when and as required or permitted by law for other purposes, such as, for example:

1. reporting of interest you earn to federal and state tax authorities;
2. reporting of cash transactions that are at reportable limits;
3. investigating and reporting of transactions that we reasonably determine to be suspicious; and
4. responding to subpoenas, court orders, or government investigations.

SETOFF

We have the right under the law to set off amounts you owe us against your accounts with us. For purposes of this section, "account" includes any account you have with us or any of our divisions, departments, and affiliates (including, without limitation, agency, custody, safekeeping, securities, investment, brokerage, and revocable trust accounts) and "you" includes, without limitation, your revocable trust, any partnership in which you are a general partner, any prior or successor entity by way of an entity conversion, and any other series of your series limited liability company (as applicable). In addition to this legal right, you give us and our affiliates the contractual right to apply, without demand or prior notice, all or part of the property (including money, certificates of deposit, securities and other investment property, financial assets, etc.) in your accounts, against any debt any one or more of you owe us or our affiliates. If your account is a joint account, you agree we may consider each joint owner to have an undivided interest in the entire account, so we may exercise our contractual right of setoff against the entire account. This includes, for example, debts that now exist and debts that you may incur later, your obligations under a guaranty, and also includes all fees you owe us or our affiliates. We will not be liable to you if enforcing our rights of setoff against your account(s) leaves insufficient funds to cover outstanding items or other obligations. You agree to hold us harmless from any claim arising as the result of our enforcement of our rights of setoff in, or enforcement of our rights of setoff against, your account(s).

Our contractual right of setoff does not apply:

1. to an account that is an IRA or other tax-deferred retirement account;
2. to a debt that is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest); or
3. if our records demonstrate to our satisfaction that the right of withdrawal that a depositor/debtor has with us only arises in a representative capacity (for example, only as an authorized signer, attorney-in-fact or a fiduciary) for someone else.

This right of setoff is in addition to any security interest that we or an affiliate of ours might have in your deposit account.

SECURITY INTEREST IN ACCOUNTS

You grant to us and our affiliates, a security interest in all your accounts with us, and all property in your accounts (including money, certificates of deposit, securities and other investment property, financial assets, etc.), to secure any amount you owe us or our divisions, department, and affiliates, now or in the future. This includes, for example, debts that now exist and debts that you may incur later, your obligations under a guaranty, and also includes all fees you owe us or our affiliates. For purposes of this section, "account" includes any account you have with us or any of our affiliates (including, without limitation, agency, custody, safekeeping, securities, investment, brokerage, and revocable trust accounts) and "you" includes, without limitation, your revocable trust, any partnership in which you are a general partner, any prior or successor entity by way of an entity conversion, and any other series of your series limited liability company (as applicable). In order to provide us and our affiliates with control over your account and all property in your account for purposes of perfecting the security interest granted above, you agree that we shall comply with any and all order, notices, requests and instructions originated by us or any of our affiliates directing disposition of the funds in your account without any further consent from you, even if such instructions are contrary to your instructions or demands or result in our dishonoring items which are presented for payment.

If your account is a joint account, you agree we may consider each joint owner to have an undivided interest in the entire account, so we may exercise our security interest against the entire account. We may enforce our security interest without demand or prior notice to you. You agree, for purposes of this security interest, that our affiliates may comply with any instructions we give them regarding your accounts held with them, without further consent. You also agree that we may comply with any instructions regarding your accounts that we receive from our affiliates pursuant to a security interest they have in your accounts with us. We will not be liable to you if enforcing our security interest against your account(s) leaves insufficient funds to cover outstanding items or other obligations.

You agree to hold us harmless from any claim arising as the result of our security interest in, or enforcement of our security interest against, your account(s).

SECURITY

It is your responsibility to protect the account numbers, including card numbers and electronic access devices (e.g., an ATM card, debit card, username and password or PIN) we provide to you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give him or her full use of your money. An account number can be used by thieves to encode your number on a false demand draft which looks like and functions like an authorized check.

If you furnish your access device and grant actual authority to make transfers to another person (a family member, coworker or employee, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account. If you provide your account number in response to a telephone solicitation for the purpose of making a transfer (to purchase a service or merchandise, for example), payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

We reserve the right to place a hold on your account if we suspect irregular, fraudulent, unlawful or other unauthorized activity involved with your account. We may attempt to notify you of such a hold, but we are not required to provide notice prior to placing the hold. You agree that we may maintain such a hold until all claims against you or us to the funds held in your account, whether civil or criminal in nature, have been resolved fully in our sole satisfaction.

RESOLUTION OF DISPUTES BY ARBITRATION

PLEASE READ THIS PROVISION CAREFULLY. UNDER THIS PROVISION, YOU WAIVE YOUR RIGHTS TO TRY ANY COVERED CLAIM IN COURT BEFORE A JUDGE OR JURY AND TO BRING OR PARTICIPATE IN ANY CLASS OR OTHER REPRESENTATIVE ACTION.

The following provision applies to any claim, cause of action, proceeding, or any other dispute between you, on the one hand, and us, our respective parents, subsidiaries, affiliates, agents, employees, predecessors-in-interest, personal representatives, heirs and/or successors, and assigns, on the other hand (each a "Claim" as further defined under the heading "Claims Covered by Arbitration"), including all questions of law or fact related thereto.

Agreement to Arbitrate: Either you or we may elect in writing, and without the consent of the other, to arbitrate all Claims covered by this provision.

Claims Covered By Arbitration: Claims subject to our agreement to arbitrate shall include all of the following: (1) Claims related to or arising out of this account Agreement, or any prior or later versions of this account Agreement as well as any changes to the terms of this account Agreement; (2) Claims related to or arising out of any aspect of any relationship between us that is governed by this account Agreement, whether based in contract, tort, statute, regulation, or any other legal theory; and (3) Claims that relate to the construction, scope, applicability, or enforceability of this arbitration provision. Claims include Claims that arose before we entered into this account Agreement (such as Claims related to advertising) and after termination of this account Agreement.

Claims Not Covered By Arbitration: Claims subject to our agreement to arbitrate shall not include any Claim you file in a small claims court, so long as the Claim remains in such court and advances only an individual claim for relief.

Commencing an Arbitration: The party initiating arbitration must choose one of the following arbitration forums to administer the arbitration:

- **The American Arbitration Association ("AAA") under AAA's Consumer Arbitration Rules, except as modified by this account Agreement. AAA's Rules may be obtained from www.adr.org or 1-800-778-7879 (toll-free).**
- **JAMS/Endispute ("JAMS") under JAMS' Comprehensive Arbitration Rules & Procedures or Streamlined Arbitration Rules & Procedures, including JAMS' Consumer Minimum Standards, except as modified by this account Agreement. JAMS' Class Action Procedures shall not apply. JAMS' rules may be obtained from www.jamsadr.com or 1-800-352-5267 (toll-free).**

If the chosen arbitration forum is for any reason unable to serve, then the parties may agree to a comparable substitute organization. If the parties are unable to agree, then a court of competent jurisdiction shall appoint a substitute organization.

Arbitration Procedure: The arbitration shall be decided by a single neutral arbitrator selected in accordance with AAA's or JAMS' rules, as applicable. The arbitrator will decide the dispute in accordance with the terms of our account Agreement and applicable substantive law, including the Federal Arbitration Act and applicable statutes of limitation. The arbitrator shall honor claims of privilege recognized at law. The arbitrator may award damages or other relief (including injunctive relief) available to the individual claimant under applicable law. The arbitrator will not have the authority to award relief to, or against, any person or entity who is not a party to the arbitration. The arbitrator will take reasonable steps to protect customer account information and other proprietary or confidential information. Any arbitration hearing shall take place in the federal judicial district that includes your home address, unless you and we agree in writing to a different location or the arbitrator so orders. If all Claims are for $10,000 or less, you may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing in accordance with AAA's or JAMS' rules.

At your or our request, the arbitrator will issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based. The arbitrator's award shall be final and binding, subject to judicial review only to the extent allowed under the Federal Arbitration Act. You or we may seek to have the award vacated or confirmed and entered as a judgment in any court having jurisdiction.

No Class Action or Joinder of Parties: You and we agree that no class action, private attorney general, or other representative claims may be pursued in arbitration, nor may such action be pursued in court if either you or we elect arbitration. Unless mutually agreed to by you and us, Claims of two or more persons may not be joined, consolidated, or otherwise brought together in the same arbitration (unless those persons are joint account owners or beneficiaries on your account and/or related accounts, or parties to a single transaction or related transaction). If this specific paragraph is determined by the arbitrator to be unenforceable, then this entire provision shall be null and void.

Arbitration Costs: Unless the applicable arbitration rules at the time of filing a Claim are more favorable to you, we will advance (i) all arbitration costs in an arbitration that we commence, and (ii) the first $2,500 in arbitration filing, administration, and arbitrator's fees in an arbitration that you commence. To the extent allowed by applicable law and our agreements, the arbitrator may award arbitration costs and attorneys' fees to the prevailing party.

Applicable Law: You and we agree that you and we are participating in transactions that involve interstate commerce and that this provision and any resulting arbitration are governed by the Federal Arbitration Act. To the extent state law applies, the laws of the state governing your account relationship apply. No state statute pertaining to arbitration shall apply.

Severability: Except as this provision otherwise provides, if any part of this provision is deemed to be invalid or unenforceable by the arbitrator, that part will be severed from the remainder of this provision and the remainder of this provision will be enforced.

ATTORNEY'S FEES

Where used, "attorney's fees" includes our attorney's fees, court costs, collection costs, and all related costs and expenses. Notwithstanding any provision in this Agreement to the contrary, any provision for attorney's fees in this Agreement shall not be enforceable in any dispute governed by the laws of California or Oregon.

FUNDS AVAILABILITY: YOUR ABILITY TO WITHDRAW FUNDS – ALL ACCOUNTS

This funds availability policy applies to deposits into a checking or savings account made at a branch or ATM. This policy may not apply to deposits made remotely through a mobile or other electronic device.

Some sections of this disclosure apply to all accounts and all customers. There are special sections for New Accounts, Commercial Accounts, Wealth Management Accounts and Retail Consumer and Business Accounts. We will make that clear in the section headings.

Funds "availability" means your ability to withdraw funds from your account, whether those withdrawals are to be in cash, by check, automatic payment, or any other method we offer you for access to your account. If deposited funds are not "available" to you on a given day, you may not withdraw the funds in cash and we may not use the funds to pay items that you have written or honor other withdrawals you request. If we pay items that you have written or honor other withdrawals before funds are available to you, we may charge a fee for this. Please review the product pricing information disclosure for information regarding overdraft fees associated with your accounts.

Please remember that even after the item has "cleared," we have made funds available to you, and you have withdrawn the funds,

you are still responsible for items you deposit that are returned to us unpaid and for any other problems involving your deposit. See our **Returned Deposited and Cashed Items** section.

DETERMINING THE AVAILABILITY OF A DEPOSIT – ALL ACCOUNTS

The day funds become available is determined by counting business days from the day of your deposit. Every day is a business day except Saturdays, Sundays, and federal holidays. If you make a deposit in person before our "cutoff time" on a business day we are open, we will consider that day to be the day of your deposit for purposes of calculating when your funds will become available. However, if you make a deposit after the cutoff time, or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Our cutoff times vary from branch to branch. The earliest cutoff time at any of our branches is 2:00 p.m. (local time at the branch).

If a deposit is made after 8:00 p.m. (local time at the ATM location) or on a day we are not open, we will consider the deposit to be made on the next business day we are open.

Deposits you send by mail are considered deposited on the business day it arrives if it arrives by the cutoff time at the branch of deposit. In all cases, availability of any deposit assumes that a requested withdrawal will not overdraw the account.

IMMEDIATE AVAILABILITY – ALL ACCOUNTS

The following types of deposits will usually be available for withdrawal immediately under normal circumstances:

- Cash (if deposited in person to an employee of ours);
- Electronic direct deposits;
- Wire transfers; and
- The first $225.00 from the total of all other deposits made on any given day.

Cash and wire transfer deposits are subject to the **Special Rules for New Accounts** and the $225.00 availability is subject to the rule in the section titled **Longer Delays May Apply.**

LONGER DELAYS MAY APPLY

Government Checks, Cashier's Checks, and Other Types of Special Checks. If you make a deposit of one of the following items in person to one of our employees, our policy is to make the funds from those deposits available no later than the first business day after the day of deposit:

- State and local government checks that are payable to you;
- Cashier's, certified, and teller's checks that are payable to you; and
- Federal Reserve Checks, Federal Home Loan Checks, and U.S. Postal Money orders that are payable to you.

If you do not make your deposit in person to an employee of the bank (for example, if you mail us the deposit), funds from these deposits may be available no later than the second business day after the day of deposit. However, we may delay funds for a longer period of time, see section titled **Longer Delays May Apply – Safeguard Exceptions.**

Case-by-Case Delays. In some cases, we will not make all of the funds that you deposit available to you as provided above. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first $225.00 of your deposit, however, will be available no later than the first business day after the day of deposit, and usually immediately.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees (including a deposit made at an ATM) or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Safeguard Exceptions. In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than $5,525.00 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

RETAIL CONSUMER, BUSINESS AND COMMERCIAL ACCOUNTS

Our general availability policy for these accounts is to make funds available to you on the first business day after the day of deposit. We generally make some portion of a day's deposits available for withdrawal immediately. See the previous section for the types and amounts of deposits that are available immediately.

WEALTH MANAGEMENT ACCOUNTS

Our general availability policy for **Private Client Accounts** is to make funds you deposit available to you immediately. This immediate availability policy includes all deposits at any ATM. The section above titled **Longer Delays May Apply** also applies to your accounts. If we impose a delay as provided in that section, then the sections titled **Cashing Checks** and **Other Accounts** may also apply.

DEPOSITS AT AUTOMATED TELLER MACHINES – RETAIL CONSUMER, BUSINESS AND COMMERCIAL ACCOUNTS

Our Machines. If you make a deposit at a deposit-accepting ATM identified as ours with the U.S. Bank name, your deposit will generally be available on the first business day after the day of deposit. However, in certain circumstances, and at U.S. Bank's

discretion, the funds may not be available until the second business day after the day of deposit.

Partner ATMs. U.S. Bank has established alliances to expand ATM convenience. These partner ATMs display the U.S. Bank logo and are included in the definition of a U.S. Bank ATM. However, these ATMs generally do not accept deposits. If we permit a deposit at a partner ATM, your deposit will not be available until the fifth business day after the day of deposit.

Other Machines. Generally, deposits at an ATM that is not identified as ours with the U.S. Bank name are not permitted. If we permit a deposit at an ATM that is not identified as ours with the U.S. Bank name, your deposit will not be available until the fifth business day after the day of deposit.

SPECIAL RULES FOR NEW ACCOUNTS – RETAIL CONSUMER AND BUSINESS ACCOUNTS

If you are a new customer, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct deposits and deposits of cash and wire transfers to your account will be available on the day we receive the deposit. The first $5,525.00 of a day's total deposits of cashier's, certified, teller's, traveler's, on-us checks (checks drawn on U.S. Bank), and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess amount over $5,525.00 will be available on the fifth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first $5,525.00 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will generally be available on the fifth business day after the day of your deposit. In certain instances, we may hold funds from other check deposits for longer than five business days. For example, if we receive a check that falls within the Safeguard Exception description above, we may delay funds for up to seven business days. If we do so, we will provide you with a hold notice at the time of deposit or when we learn that we will hold the funds from the deposit.

CASHING CHECKS

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

OTHER ACCOUNTS

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the day the deposited item would have been available, which will usually be the first business day after the day of deposit.

ADDITIONAL TERMS FOR BUSINESS ACCOUNTS

All other sections of this Agreement apply to consumer and business accounts alike, (except when a rule specifically says it will apply to consumers). The following sections apply to accounts used primarily for business purposes.

UNLAWFUL INTERNET GAMBLING AND OTHER ILLEGAL TRANSACTIONS

You agree that you, or anyone acting on your behalf, will not use your account, access device or banking relationship with us to facilitate illegal transactions such as those prohibited by the Unlawful Internet Gambling Act of 2006, or otherwise violate any law, rule or regulation applicable to you. If we identify a suspected illegal transaction, we may block such transactions, and further we may close your account or terminate our banking relationship with you.

DEPOSIT OF PRE-AUTHORIZED DRAFTS

A pre-authorized draft is an arrangement whereby you get authority from a person (a customer, usually) to access a deposit account owned by that person to pay a debt that person owes you. You deposit these "drafts" into a deposit account with us, and we collect them from your customers, who may have accounts with us or other banks. (These "drafts" are checks you create based on information your customer provides you, such as the customer's name and account number, and the express permission your customer gave you to draw on his account.)

When you deposit these pre-authorized drafts, you make the following agreements and warranties:

1. You have express, verifiable and binding authorization from your customer to access his, her or its account for the amount you ask us to collect;
2. You will keep the proof of your authorization in retrievable form for not less than two years from: (a) the date of the authorization of a one-time draft; or (b) from the date of revocation of the authorization of recurring drafts. You agree to provide us with such proof upon our request;
3. We may reverse any credit given to you for any draft deposited to your account and returned to us regardless of when it is returned or the reason for the return. We may take funds in your account to pay the amount you owe us, and if there are insufficient funds in your account, you will still owe us the remaining balance.

EARNINGS CREDIT

Fees for services used by you may be assessed in full to your accounts or may be offset through account analysis by applying earnings credit to your service charges to determine a single monthly net service charge. Your earnings credit rate is established by us and will change from time to time. For business accounts, the variable earnings credit rate may be zero or a negative rate. If the earnings credit rate for any of your account(s) or the index or other referenced rate upon which the earnings credit rate for your account(s) is based is at any time less than zero percent, you agree to pay all amounts of the negative earnings credit or fees which we impose as compensation for the negative earnings credit rate. Your

net service charge could be zero if your earnings credit equals or exceeds your total charges in a given month. If your earnings credit is not sufficient to offset the amount due hereunder, you agree to pay such amounts to us upon demand.

WAIVER OF NOTIFICATION OF REDEPOSITED CHECKS

When you deposit checks to your account, you have a right to be notified whenever a check you deposit is returned unpaid. We offer a plan (to businesses who elect it) whereby we will automatically redeposit checks returned unpaid due to insufficient funds. To simplify collection of these items, you give up this right to notification for those items we redeposit. If these items are returned unpaid a second time, you will receive standard notification.

We may withhold the availability of funds represented by a redeposited check. We will notify you of such delay.

FACSIMILE SIGNATURES

You may wish to use a facsimile signature stamp or other mechanical signature device to sign checks or other orders relating to your accounts. If you do, we will, without contacting you, debit your account for items bearing an imprint that looks substantially like your authorized mechanical signature, whether or not such items bear the actual facsimile signature stamp. You agree to notify us and give us a sample imprint if you plan to use such a device. If you do not give us a sample, this section still applies to your use of the device. You are responsible for the security of any mechanical signature device. We will not be responsible for payment of unauthorized items bearing an imprint from, or similar to, your authorized mechanical signature.

DEPOSITS

Truncation, Substitute Checks, and Other Check Images: If you truncate an original check and create a substitute check or other replacement document, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check(s) you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with the time requirements as outlined in your remote deposit capture agreement with us. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

Deposit Preparation, Sorting, and Endorsements: You agree to properly prepare, sort, and endorse all deposits according to requirements specified in any applicable user guides and Federal Regulation CC. We require that you include the external processing code of "6" in Position 44 of the MICR line for all remotely created checks, and we reserve the right to dishonor any remotely created check that does not meet the requirement. You agree to indemnify

us for any loss we incur that results from your failure to comply with these requirements.

Requalification: If you elect to have another bank or entity receive and process all of your returned checks, such other bank's endorsement may be obscured by our depository bank endorsement. You understand and agree that any other endorsement placed on your checks that identify another bank as the depository bank or the bank to which checks should be returned may result in illegible or double endorsements, which may delay the return of your checks. You agree we shall not be liable for any such delays.

FRAUD PREVENTION MEASURES

We offer certain products and services, such as "positive pay," and account blocks and filters that are designed to detect or deter fraud. Failure to use such services could substantially increase the likelihood of fraud. If you fail to implement any of these products or services, or if you fail to follow these or other precautions reasonable for your type of account or circumstances, you agree that you will be precluded from asserting any claims against us for paying any unauthorized, altered, counterfeit or other fraudulent item that such product, service or precaution was designed to detect or deter, and we will not be required to re-credit your account or otherwise have any liability for paying such items.

CUSTOMER SEGREGATED ACCOUNTS. Notwithstanding anything to the contrary in this Agreement or any other agreement, we will maintain all money designated as client money—by broker-dealers, future commission merchants, or derivatives clearing organizations—in customer segregated accounts in accordance with acknowledgement letters required by applicable SEC and CFTC rules and regulations.

ELECTRONIC BANKING AGREEMENT FOR CONSUMER CUSTOMERS

This section applies to payment orders and funds transfers governed by the Electronic Fund Transfer Act. When you enroll in online and mobile banking we will provide you with the U.S. Bank *Digital Services Agreement* that governs the use of all online and mobile services ("Digital Services").

If you have any questions regarding electronic banking transactions or believe that an unauthorized transaction has occurred, please call U.S. Bank 24-Hour Banking (see last page for phone numbers), visit a local U.S. Bank branch or write to:

U.S. Bank 24-Hour Banking
EP-MN-WS5D
60 Livingston Ave.
St. Paul, MN 55107

Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

TYPES OF TRANSACTIONS

These are the types of Electronic Fund Transfers that you can accomplish with us (assuming you make arrangements to do so).

Electronic Fund Transfers Initiated by Third Parties. You may authorize a third party to initiate electronic fund transfers between

your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. In all cases, these third-party transfers will require you to provide the third party with your account number and bank information. Thus, you should only provide your bank and account number information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

Direct Deposits. You can arrange for direct deposits to your checking or savings account(s).

Preauthorized Payments. You can arrange to pay certain recurring bills from your checking or savings account(s).

Electronic check conversion. You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.

Electronic returned check charge. You may authorize a merchant or other payee to initiate an electronic fund transfer to collect a charge in the event a check is returned for insufficient funds.

Expanded Account Access

What it is. Any card or PIN (personal identification number) can be used to access up to five checking, savings, line of credit and credit card account(s) held in the same name at U.S. Bank or any of its bank affiliates; and any account you open with us and our affiliates may be accessed by your card or PIN. "Access" means use of a card or account number and PIN to conduct a transaction or obtain information at ATMs, over the telephone, through personal computer banking, or any other available method. If the card or PIN is for a joint account, that card or PIN can be used to access all the accounts linked to the card or PIN account, whether joint or individual. Expanded Account Access is also applicable to your Digital Services.

The "cards" that can get Expanded Account Access. All U.S. Bank Debit Cards and ATM cards (excluding prepaid cards), and all U.S. Bank-issued Credit Cards (including, but not limited to, co-branded credit cards, and all credit lines issued through U.S. Bank and U.S. Bank affiliates).

Fees and Charges for Expanded Account Access. There are no additional fees or charges just for Expanded Account Access, but fees applicable to each applicable account will continue to apply in accordance with the terms of the applicable account agreements. The fees and terms for each of your accounts will be as disclosed in the *Consumer Pricing Information* disclosure. (This document can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.)

The fees and terms for your personal credit cards and lines of credit are disclosed in the applicable cardmember agreement.

How to Cancel. You can visit a branch or call the U.S. Bank 24-Hour Banking number at any time to cancel Expanded Account Access. If you cancel Expanded Account Access for any account, that account

will not be accessible by any card or PIN other than the card or PIN specifically designated for that account.

Account Access at Automated Teller Machines

You can access up to five checking, five savings, and five line(s) of credit or credit card accounts at U.S. Bank ATMs through all your cards held in the same name (excluding prepaid cards).

You may perform the following transactions at ATMs:

- Make cash withdrawals from your checking and savings accounts associated with your card. Cash denominations vary by ATM.
- Get cash advances from your credit card account using your U.S. Bank Debit Card or ATM card. (Refer to your cardmember agreement for any cash advance fees and finance charges that may apply.)
- Deposit funds to checking and savings accounts associated with your card. Deposit up to 30 checks and 50 bills in a single transaction. Instant availability for cash deposits if deposited before 6:00 p.m. local time in a non-envelope deposit ATM.
- Transfer funds from your account(s) associated with your card.
- Make payments to credit card or line of credit accounts from a deposit account associated with your card.
- Check the current balance of your checking, savings, credit card and line of credit accounts associated with your card.
- Request a statement showing your most recent deposit account transactions. (Refer to the *Consumer Pricing Information* disclosure regarding any fees for purchasing statements at ATMs. This disclosure can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.)
- Change your ATM or debit card PIN.
- Make certain charitable contributions from a deposit account associated with your card.
- You may access your Home Equity Line of Credit or Personal Line of Credit for balance inquiries and making a payment to the respective line of credit at the ATM.

Some of these transactions are not available at all ATMs.

For customers with a Debit or ATM card that have accessed a Home Equity Line of Credit or a Personal Line of Credit through the expanded card access feature, cash withdrawals/advances and transferring from the Home Equity Line of Credit or Personal Line of Credit is not allowed.

Purchases at Merchants

You may use any of your U.S. Bank Debit Cards to make purchases at merchants that accept Visa® debit cards. You may use your U.S. Bank ATM Card and any of your U.S. Bank Debit Cards to make purchases by entering your PIN at participating merchants. You may also get cash from a merchant, if the merchant permits. Purchases made with your card will result in debits to your "primary" checking account. These transactions will be itemized on your monthly statement, including the merchant name, location, the date of purchase and the amount of the purchase.

Partial Debit Card Transactions

Some merchants may be enrolled in Visa's Partial Authorization service. This means that if you chose 'No' to ATM and Debit Card Overdraft Coverage, your transaction may be approved for only

part of your total purchase amount. This occurs when you do not have a sufficient Available Balance, necessary to pay for the entire transaction, at the time of the purchase. Additionally, funds from your designated account(s) linked for Overdraft Protection (if applicable) may be considered when determining the amount that is authorized.

For example, if you attempt a $30.00 transaction when your account has an Available Balance of $20.00, your purchase may be approved for $20.00 instead of the entire transaction being declined.

Other Electronic Transactions

In addition to transactions initiated by using your U.S. Bank Debit Card, there are other electronic banking transactions that you may arrange through your account. These include:

- Telephone/personal computer activated transfers of funds from your accounts with us to other accounts with us or to third parties. These include but are not limited to transfers made by telephone, text, online and mobile banking.
- Automatic transfer of funds between checking and savings accounts.
- Automatic periodic payments to third parties or us from checking or savings accounts (for example, monthly mortgage payments, installment loan payments, insurance payments, utility payments).
- Direct deposit to checking or savings accounts (for example, payroll checks, social security payments).
- Electronic check conversions from your checking account using a blank, partial or fully completed personal check at merchant locations.
- Payments made to your account through your U.S. Bank Debit Card.
- You can also use any of your U.S. Bank Debit Cards to obtain a cash advance from your checking account at any Visa® member bank anywhere in the world.

LIMITS ON TRANSFERS

New Accounts

Generally, you cannot make deposits at a non-U.S. Bank ATM. If we permit a deposit at an ATM that is not identified as ours with the U.S. Bank name, your deposit will not be available until the fifth business day after the day of deposit.

Security

For security reasons, there are limitations on the transactions that you may perform with any of your U.S. Bank Debit Cards or U.S. Bank ATM Cards per day. There are limitations on the number of transactions that can be performed per day and the limits may vary. For security reasons we do not disclose these limits. There are limitations on the dollar amount of cash withdrawals at ATMs and/or cash that you receive from merchants over the amount of your purchase. There are also limitations on the total dollar amount of purchases at merchants and/or cash advances at Visa® member banks you may perform during each 24-hour period beginning at 4:30 p.m. Central Time. Our standard transaction limits for ATM cards are $300.00 per day for cash withdrawals and $1,000.00 per day for purchases. Our standard transaction limits for debit cards are $500.00 per day for cash withdrawals and $1,000.00 per day for purchases and/or cash advances at banks. Our standard transaction

limits for receiving money through your U.S. Bank Debit Card are $3,000.00 per transaction and $10,000.00 per day. We may change these limitations based on periodic risk assessments and we reserve the right to make such changes without notice to you. Transfer limits are also subject to temporary reductions to protect the security of customer accounts or transfer systems.

Debit Card Transactions

When you use your U.S. Bank Debit Card (Debit Card) for payment, the merchant requests U.S. Bank to authorize the transaction amount. We rely on the merchant to inform us if a debit card transaction is a one-time or a recurring transaction. At the time of the request, we authorize (promise to pay) or decline the merchant's request. If we authorize (promise to pay) we will reduce your Available Balance by the amount of the merchant's authorization request. Some merchants (e.g., hotels, restaurants, gas stations, car rental agencies) request an authorization that is an estimated amount of the anticipated purchase instead of the full purchase amount. As a result, the reduction of your Available Balance may be less or greater than the final debit card transaction amount presented for payment. It is important to note that your Available Balance may change between the time a debit card transaction is authorized and when the debit card transaction is presented for payment.

Debit card authorizations will be reflected as pending transactions from the time we receive the authorization until the merchant presents the item for payment, a completion message is received, or three business days, whichever occurs first. If the debit card authorization has not been presented for payment after three business days, it will be removed from your pending transactions and your Available Balance will no longer be reduced by the authorization amount. Due to prior authorization (promise to pay), if the debit card transaction is presented for payment at a later date we will pay the item regardless of your Available Balance.

If any debit card transaction results in a negative Available Balance at the time it is presented for payment—even if your Available Balance was positive at the time the debit card transaction was authorized—you may be charged an Overdraft Paid Fee. For more information on Available Balance please see the section titled **INSUFFICIENT FUNDS AND OVERDRAFTS.**

Please know, it is your responsibility to ensure your account has a sufficient Available Balance to cover all transactions you conduct. We recommend keeping a record of your balance and deducting every transaction at the time you initiate it.

FEES

We will charge you fees for electronic fund transfers in accordance with the information found in our *Consumer Pricing Information* disclosure. (This disclosure can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.) The fees may be changed at any time, subject to our giving you any notice required by law.

ATM Surcharges. When you use an ATM that is not identified as ours with the U.S. Bank name, and the ATM does not participate in the MoneyPass® Network, you may be charged a fee by the ATM operator or any network used to complete the transfer. To find MoneyPass ATM locations, please visit www.moneypass.com.

USING YOUR CARD FOR INTERNATIONAL TRANSACTIONS

You may use your U.S. Bank Debit Card or ATM card for retail purchases with international merchants, for international cash advances and all transactions performed at international ATMs that bear any of the network logos found on your card. Refer to our *Consumer Pricing Information* disclosure for fee information. (This disclosure can be obtained by contacting a U.S. Bank branch or calling 800.872.2657.) We may block transactions in certain foreign countries. Call us at 800.872.2657 for more information. Some merchant and ATM transactions, even if you and/or the merchant or ATM are located in the United States, are considered international transactions under the applicable network rules, in which case we will add International Processing Fees to those transactions.

U.S. Bank does not control how these merchants, ATMs and transactions are classified for this purpose. If the transaction requires a currency conversion, the exchange rate in effect when processed may differ from the rate in effect on the date of the transaction or the date of the posting to your Account.

Transactions processed through the Visa® system will be converted according to the applicable rules established by Visa®. The foreign currency transaction will be converted to U.S. Dollars by multiplying the amount of the foreign currency times (a) a rate selected by Visa® from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa® itself receives, or (b) the government-mandated rate in effect for the applicable central processing date. For transactions processed through other networks, the international currency transaction will be converted by that network in accordance with their rules.

Additional fees may apply. If you need to contact us about your card while outside of the United States, call us collect at 503.401.9991.

ADVISORY AGAINST ILLEGAL USE

You agree not to use your card(s) for illegal gambling or any other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which you may be located; therefore, we reserve the right to decline all online (Internet) gambling transactions.

DOCUMENTATION

Terminal transfers. You can get a receipt at the time you make any transfer to or from your account using automated teller machines or point-of-sale terminals. However, you may not get a receipt if the amount of the transfer is $15.00 or less.

Pre-authorized credits. If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call U.S. Bank 24-Hour Banking, log in to the U.S. Bank Mobile App or visit our online banking site at usbank.com to find out whether or not the deposit has been made.

Periodic statements. You will get a monthly account statement unless there are no transfers in a particular month. In any case, you will get the statement at least quarterly for an account to or from which you have arranged for electronic access. In the event your account has become inactive as defined in the section titled Dormant Accounts

and Escheat (refer to page 31) and you have had no electronic activity, you will receive an annual statement.

PREAUTHORIZED PAYMENTS

If you have arranged for automatic periodic payments to be deducted from your checking or savings account and these payments vary in amount, you will be notified by the person you are going to pay ten calendar days prior to the payment date of the amount to be deducted. If the date upon which your payment is scheduled to be deducted changes, the person you are going to pay will notify you seven calendar days prior to the new scheduled date. To confirm the completion of automatic transfers, payments and/or direct deposits, please contact U.S. Bank 24-Hour Banking, log in to the U.S. Bank Mobile App or visit our online banking site at usbank.com.

Right to Stop Payment of Preauthorized Transfers

To stop a preauthorized electronic payment or transfer, please call U.S. Bank 24-Hour Banking (see last page for phone numbers). You must call in time for us to receive your request and to be able to act upon it, which in the case of these electronic payments, is at least three business days before the transfer is scheduled to occur. We may also require you to put your request in writing and forward it to us within 14 days after you call.

If you order us to stop one of these payments at least 3 business days before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

OUR LIABILITY

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer.
2. If you have an overdraft line and the transfer would go over the credit limit.
3. If the automated teller machine where you are making the transfer does not have enough cash.
4. If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
5. If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
6. There may be other rules/limitations stated in our agreement(s) with you that excuse our failure to make a requested transfer (for example, the monthly limit on certain transfers out of non-transaction savings accounts; refer to Savings Accounts, Withdrawal section on page 39 for additional details).

Authorized Transactions

We assume that all transactions performed with your U.S. Bank ATM Card or any of your U.S. Bank Debit Cards and/or your personal identification number (PIN) are authorized unless you promptly notify us to the contrary. If you intentionally provide another person with the means to perform electronic banking transactions using your account, any resulting transactions will be treated as if they were

performed and authorized by you. Such treatment will continue until you notify U.S. Bank Fraud Liaison Center (see page 62) that the other person is no longer authorized to use your card and/or PIN (in which case the card and PIN will have to be deactivated).

UNAUTHORIZED TRANSACTIONS AND LOST OR STOLEN CARDS

An unauthorized transaction is one that another person conducts without your permission and from which you receive no benefit.

In order to avoid unauthorized transactions, please observe the following basic precautions:

- Do not keep your U.S. Bank ATM Card or U.S. Bank Debit Card and personal identification number (PIN) together. Do not write your PIN on your card.
- Do not provide your card or reveal your PIN to another person. If you do so, you authorize that person to conduct transactions using your card or PIN. You are liable for that person's transactions until you notify U.S. Bank Fraud Liaison Center (see below) that the person is no longer authorized to use your card or PIN.
- Notify U.S. Bank Fraud Liaison Center or any U.S. Bank branch of the loss, theft or unauthorized use of your card or PIN.
- Notify U.S. Bank Fraud Liaison Center or any U.S. Bank branch if you think an electronic banking transaction is incorrectly reported on a receipt or statement. Failure to promptly notify U.S. Bank Fraud Liaison Center or any U.S. Bank branch of the loss, theft, or unauthorized use of your card or PIN will result in inconvenience to you and will hinder the efficient operation of your account.

U.S. Bank Fraud Liaison Center
877.595.6256

We reserve the right to cancel, block, and not renew your access device for any reason, with or without prior notice. Reasons for suspension of access may include, for example:

- Detection of suspicious or fraudulent activity;
- Lack of usage;
- Misuse; or
- Access devices returned as undeliverable by postal service.

CONSUMER LIABILITY FOR UNAUTHORIZED TRANSFERS

Zero Liability for All Transactions. Except as provided in the next paragraph, you are generally protected from all liability for unauthorized use of any of your U.S. Bank Debit Cards, the associated account numbers printed on them (including purchases made over the phone, online or in the U.S. Bank Mobile App) and your ATM card or its associated personal identification number (PIN). You still need to report the loss or theft of these cards, PINs, and any unauthorized transactions to us as soon as you can. This is necessary so you can get any unauthorized transactions reversed, prevent further unauthorized transactions, and avoid liability for subsequent purchases we could have prevented had you given us notice. This policy also protects you from liability for other types of electronic fund transfers. Please follow the section entitled **Error Resolution Notice** to report any unauthorized activity on your account.

After 60 Days from Statement Notice. If you fail to give us notice of an unauthorized electronic fund transfer within 60 days of when we first deliver a statement to you that discloses that unauthorized transaction, you will be liable for all unauthorized electronic fund transfers that occur after that 60-day period expires if we could have prevented such transaction had you reported it to us within the 60-day period. This rule applies to all forms of electronic fund transfers (including but not limited to ATM transactions, preauthorized withdrawals, online or mobile transactions, and purchases with any of your U.S. Bank Debit Cards, etc.) that occur after the 60-day period following the first statement notice.

If a good reason (such as a long trip or hospital stay) kept you from telling us, we may extend this time period.

MINNESOTA LIABILITY DISCLOSURE

If our records assign your account to a branch located in the State of Minnesota, you may bring a civil action against any person violating the consumer privacy and unauthorized withdrawal provisions of Minnesota Statutes § 47.69, and may recover, in addition to actual damages or $500.00, whichever is greater, punitive damages when applicable, and the court costs and reasonable attorney's fees incurred.

BUSINESS DAYS

Bank "business days" are Monday through Friday. Federal holidays are not included.

CONFIDENTIALITY

We will disclose information to third parties about your account as permitted by law or the transfers you make:

1. where it is necessary for completing transfers; or
2. in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
3. in order to comply with government agency or court orders; or
4. if you give us your written permission; or
5. according to our privacy pledge, which generally permits us to share information with companies that perform marketing or other services on our behalf.

ERROR RESOLUTION NOTICE

In case of errors or questions about your electronic transfers, call U.S. Bank 24-Hour Banking at a number on the last page, visit any U.S. Bank branch or write us at the address listed below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your dispute or question in writing within ten business days. We will determine whether an error occurred within ten business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your dispute or

question. If we decide to do this, we will credit your account within ten business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your dispute or question in writing and we do not receive it within ten business days, we might not provisionally credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your dispute or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation. Write to us at:

U.S. Bank
EP-MN-WS5D
60 Livingston Ave.
St. Paul, MN 55107

Error resolution and contact information with respect to online and mobile banking services is provided in our *Digital Services Agreement*. The online banking site may be accessed by going to the U.S. Bank web site at usbank.com and following the directions to log in to online and mobile banking. More detailed information is available on request.

NOTICE OF ATM/NIGHT DEPOSIT FACILITY USER PRECAUTIONS

As with all financial transactions, please exercise discretion when using an automated teller machine (ATM) or night deposit facility. For your own safety, be careful. The following suggestions may be helpful:

1. Prepare for your transactions at home (for instance, by filling out a deposit slip) to minimize your time at the ATM or night deposit facility.
2. Mark each transaction in your account record, but not while at the ATM or night deposit facility. Always save your ATM receipts. Do not leave them at the ATM or night deposit facility because they may contain important account information.
3. Compare your records with the account statements you receive.
4. Do not lend your ATM card to anyone.
5. Remember, do not leave your card at the ATM. Do not leave any documents at a night deposit facility.
6. Protect the secrecy of your Personal Identification Number (PIN). Protect your ATM card as though it were cash. Don't tell anyone your PIN. Don't give anyone information regarding your ATM card or PIN over the telephone. Never enter your PIN in any ATM that does not look genuine, has been modified, has a suspicious device attached, or is operating in a suspicious manner. Don't write your PIN where it can be discovered. For example, don't keep a note of your PIN in your wallet or purse.
7. Prevent others from seeing you enter your PIN by using your body to shield their view.
8. If you lose your ATM card or if it is stolen, promptly notify us. You should consult the other disclosures you have received

about electronic fund transfers for additional information about what to do if your card is lost or stolen.
9. When you make a transaction, be aware of your surroundings. Look out for suspicious activity near the ATM or night deposit facility, particularly if it is after sunset. At night, be sure that the facility (including the parking area and walkways) is well lighted. Consider having someone accompany you when you use the facility, especially after sunset. If you observe any problem, go to another ATM or night deposit facility.
10. Do not accept assistance from anyone you do not know when using an ATM or night deposit facility.
11. If you notice anything suspicious or if any other problem arises after you have begun an ATM transaction, you may want to cancel the transaction, pocket your card and leave. You might consider using another ATM or coming back later.
12. Do not display your cash; pocket it as soon as the ATM transaction is completed and count the cash later when you are in the safety of your own car, home, or other secure surrounding.
13. At a drive-up facility, make sure all the car doors are locked and all of the windows are rolled up, except the driver's window. Keep the engine running and remain alert to your surroundings.
14. We want the ATM and night deposit facility to be safe and convenient for you. Therefore, please tell us if you know of any problem with a facility. For instance, let us know if a light is not working or there is any damage to a facility. Please report any suspicious activity or crimes to both the operator of the facility and local law enforcement officials immediately.

ELECTRONIC BANKING AGREEMENT FOR BUSINESS CUSTOMERS

This section governs transactions initiated by you or your employees using a U.S. Bank Business Debit Card or ATM Card, or other U.S. Bank card products offered to business customers from time to time by U.S. Bank ("Business Debit Card(s)"). Your use of business debit cards is subject to the fees and terms of your checking and savings accounts as set forth elsewhere in this Agreement and in related brochures and fee schedules, which are available at any branch in your state. Some ATM networks impose an additional transaction fee unrelated to our fees and charges and may be assessed to your account. Other electronic transactions against your account, whether or not initiated or authorized by you will be governed by the specific Agreement between us related to such transactions and/or all applicable rules and regulations governing such transactions, including without limitation, the rules of the National Automated Clearing House Association (NACHA) as may be amended from time to time.

Under NACHA rules we cannot return an unauthorized electronic transaction (ACH debit) unless you notify us no later than 5:00 p.m. Central Time on the business day following the settlement date of the transaction. Otherwise, your sole recourse is to the originator of the transaction.

ACCOUNT ACCESS

Any business debit card or personal identification number (PIN) issued to or selected by you, except sole proprietors who choose to have a sole proprietor business debit card, may access only related business

checking or business savings accounts (for example, accounts with the same name or tax identification number). Sole proprietor business debit cards, however, can access up to five checking accounts, five savings accounts, and five line of credit or credit card accounts through Expanded Account Access. Sole proprietor cards may access business and personal accounts. For more information on Expanded Account Access, see the Consumer Electronic Banking Agreement.

Access methods will differ depending on the business debit card selected by you and approved by us. All business debit card services may not be available depending on the access method selected.

LIMITS ON TRANSFERS

New Accounts

Generally, you cannot make deposits at a non-U.S. Bank ATM. If we permit a deposit at an ATM that is not identified as ours with the U.S. Bank name, your deposit will not be available until the fifth business day after the day of deposit.

Security

For security reasons, there are limitations on the transactions that you may perform with any of your U.S. Bank Business Debit Cards or U.S. Bank Business ATM Cards, per day. There are limitations on the number of transactions that can be performed per day and the limits may vary. For security reasons we do not disclose these limits. There are limitations on the dollar amount of cash withdrawals at ATMs and/or cash that you receive from merchants over the amount of your purchase. There are also limitations on the total dollar amount of purchases at merchants and/or cash advances at Visa® member banks you may perform during each 24-hour period beginning at 4:30 p.m. Central Time. Our standard transaction limits for business ATM cards are $500.00 per day for cash withdrawals and $2,500.00 per day for purchases. Our standard transaction limits for business debit cards are $500.00 per day for cash withdrawals and $10,000.00 per day for purchases and/or cash advances at banks. Our standard transaction limits for receiving money through your U.S. Bank Debit Card are $3,000.00 per transaction and $10,000.00 per day. We may change these limitations based on periodic risk assessments and we reserve the right to make such changes without notice to you. Transfer limits are also subject to temporary reductions to protect the security of customer accounts or transfer systems.

Debit Card Transactions

When you use your U.S. Bank Business Debit Card (Debit Card) for payment, the merchant requests U.S. Bank to authorize the transaction amount. We rely on the merchant to inform us if a debit card transaction is a one-time or a recurring transaction. At the time of the request, we authorize (promise to pay) or decline the merchant's request. If we authorize (promise to pay) we will reduce your Available Balance by the amount of the merchant's authorization request. Some merchants (e.g., hotels, restaurants, gas stations, car rental agencies) request an authorization that is an estimated amount of the anticipated purchase instead of the full purchase amount. As a result, the reduction of your Available Balance may be less or greater than the final debit card transaction amount presented for payment. It is important to note that your Available Balance may change between the time a debit card transaction is authorized and when the debit card transaction is presented for payment.

Debit card authorizations will be reflected as pending transactions from the time we receive the authorization until the merchant presents the item for payment, a completion message is received, or three business days, whichever occurs first. If the debit card authorization has not been presented for payment after three business days, it will be removed from your pending transactions and your Available Balance will no longer be reduced by the authorization amount. Due to prior authorization (promise to pay), if the debit card transaction is presented for payment at a later date we will pay the item regardless of your Available Balance.

If any debit card transaction results in a negative Available Balance at the time it is presented for payment—even if your Available Balance was positive at the time the debit card transaction was authorized—you may be charged an Overdraft Paid Fee. For more information on Available Balance please see the section titled **INSUFFICIENT FUNDS AND OVERDRAFTS.**

Please know, it is your responsibility to ensure your account has a sufficient Available Balance to cover all transactions you conduct. We recommend keeping a record of your balance and deducting every transaction at the time you initiate it.

Account Access at Automated Teller Machines

You may use any of your Business Debit Cards (except as noted below in **Employee Debit Cards and ATM Cards**) to make the following transactions at ATMs:

- Make cash withdrawals from your checking and savings accounts. Cash denominations vary by ATM.
- Get cash advances from your credit card or line of credit account. (Refer to your cardmember agreement for any cash advance fees and finance charges that may apply.)
- Deposit funds to checking and savings accounts associated with your card. Deposit up to 30 checks and 50 bills in a single transaction. Instant availability for cash deposits if deposited before 6:00 p.m. local time in a non-envelope deposit ATM.
- Transfer funds from your account associated with your card.
- Make payments to credit card or line of credit accounts from a deposit account associated with your card.
- Check the current balance of your linked checking, savings, credit card and line of credit accounts.
- Request a statement showing your most recent deposit account transactions. (Refer to your account fee disclosures regarding any fees for purchasing statements at ATMs.)
- Change your ATM or debit card PIN.
- Make certain charitable contributions from a deposit account associated with your card.

Some of these transactions are not available at all ATMs.

Purchases at Merchants

You may use any of your Business Debit Cards (except as noted below in **Employee Debit Cards and ATM Cards**) to make purchases at Visa® merchants that accept debit cards. You may use any of your business debit cards to make purchases by entering your PIN at participating merchants. You may also get cash from a merchant, if the merchant permits. Purchases made with your card will result in debits to your "primary" checking account. These transactions will be itemized on your monthly statement, including the merchant name, location, the date of purchase and the amount of the purchase.

Employee Debit Cards and ATM Cards

Business debit cards issued to employees only allow ATM deposits at an automated teller machine. They do not allow ATM cash withdrawals. Employee ATM cards do not have purchase access at merchants.

Other Electronic Transactions

In addition to transactions initiated by using your business debit card, there are other electronic banking transactions that you may arrange through your account. These include:

- Telephone/personal computer activated transfers of funds from your accounts with us to other accounts with us or to third parties. These include but are not limited to transfers made by telephone, text, online and mobile banking.
- Automatic transfer of funds between checking and savings accounts.
- Automatic periodic payments to third parties or us from checking or savings accounts (for example, monthly mortgage payments, installment loan payments, insurance payments, utility payments).
- Direct deposit to checking or savings accounts (for example, payroll checks, social security payments).
- Electronic check conversions from your checking account using a blank, partial or fully completed personal check at merchant locations.
- Payments made to your account through your U.S. Bank Debit Card.
- You can also use any of your Business Debit Cards to obtain a cash advance from your checking account at any Visa® member bank anywhere in the world.

FEES

We will charge you fees for electronic fund transfers in accordance with the information found in our *Business Pricing Information* brochure. The fees may be changed at any time, subject to our giving you any notice required by law.

ATM Surcharges. When you use an ATM that is not identified as ours with the U.S. Bank name, and the ATM does not participate in the MoneyPass® Network, you may be charged a fee by the ATM operator or any network used to complete the transfer. To find MoneyPass ATM locations, please visit www.moneypass.com.

USING YOUR CARD FOR INTERNATIONAL TRANSACTIONS

You may use your business debit card for retail purchases with international merchants, for international cash advances and all transactions performed at international ATMs that bear any of the network logos found on your card. Refer to our *Business Pricing Information* brochure for fee information. (This brochure can be obtained by stopping into a U.S. Bank branch. We may block transactions in certain foreign countries. Call us at 800.673.3555 for more information.) Some merchant and ATM transactions, even if you and/or the merchant or ATM are located in the United States, are considered international transactions under the applicable network rules, in which case we will add International Processing Fees to those transactions. U.S. Bank does not control how these merchants, ATMs, and transactions are classified for this purpose. If

the transaction requires a currency conversion, the exchange rate in effect when processed may differ from the rate in effect on the date of the transaction or the date of the posting to your Account.

Transactions processed through the Visa® system will be converted according to the applicable rules established by Visa®. The foreign currency transaction will be converted to U.S. Dollars by multiplying the amount of the foreign currency times (a) a rate selected by Visa® from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa® itself receives, or (b) the government-mandated rate in effect for the applicable central processing date. For transactions processed through other networks, the international currency transaction will be converted by that network in accordance with their rules.

Additional fees may apply. If you need to contact us about your card while outside of the United States, call us collect at 503.401.9991.

BALANCE REQUIREMENTS

Transactions using your business debit card will be completed only if sufficient funds are available in the applicable account balance, overdraft protection or other linked credit facility to fully perform the transaction.

UNAUTHORIZED TRANSACTIONS AND LOST OR STOLEN CARDS AND SECURITY

You are solely responsible for maintaining the security of your business debit cards and PINs and their use by you and your employees and other agents. You shall be liable for the acts of your employees and agents related to your business debit cards, including business debit card applications and other service requests. If you provide another person with the means to perform transactions related to your accounts using your business debit card or PIN, any resulting transactions will be treated as if they were performed and authorized by you.

You are generally protected from all liability for unauthorized use of your business debit card.

The U.S. Bank Zero Liability policy is subject to certain conditions. If we determine that the unauthorized transaction was caused by your gross negligence or fraud, the U.S. Bank Zero Liability policy will not apply. You still need to report the loss or theft of these cards, PINs, and any unauthorized transactions to us as soon as you can. This is necessary so you can get any unauthorized transactions reversed, prevent further unauthorized transactions, and avoid liability for subsequent purchases we could have prevented had you given us notice.

You must report an unauthorized debit card transaction to us within a reasonable time, not to exceed 60 days, from the day we send or make your account statement available to you on which an unauthorized transaction is first reported. If you fail to give us notice of an unauthorized debit card transaction within 60 days of when we first deliver a statement to you that discloses that unauthorized transaction, you will be liable for all debit card transactions that occur after that 60-day period expires if we could have prevented such transaction had you reported it to us within the 60-day period.

Please be aware that consumer rights governed by the Electronic Fund Transfer Act do not apply to business accounts and we are not

liable to reimburse you for unauthorized or erroneous transactions that may occur on your business account via electronic fund transfer.

If you believe that an erroneous or unauthorized transaction has occurred using your business debit card, or if your card has been lost or stolen, or if you want to cancel a business debit card issued to you or your employee/agent, or if you want to change your PIN, you must immediately telephone us at:

U.S. Bank Fraud Liaison Center
877.595.6256

U.S. Bank 24-Hour Banking

Cincinnati Metro Area:	513.632.4141
Denver Metro Area:	303.585.8585
Milwaukee Metro Area:	414.765.4636
St. Louis Metro Area:	**314.425.2000**
Minneapolis/St. Paul Metro Area:	**612.USBANKS (872.2657)**
Portland Metro Area:	**503.USBANKS (872.2657)**
All Other Areas:	**800.USBANKS**
Outside the U.S.:	503.401.9991 (call collect)

U.S. Bank Business Service Center

Monday - Friday:	8:00 a.m. to 8:00 p.m. CT
Saturday:	8:00 a.m. to 6:30 p.m. CT
Minneapolis/St. Paul Metro Area:	651.244.7770
All Other Areas within the U.S.:	800.673.3555
Outside the United States:	503.401.9992

U.S. Bank Fraud Liaison Center
877.595.6256

U.S. Bank accepts relay calls.

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USB-AIB 5/10/2021 Custom 201727155-020

Customer Analysis Statement

Statement Period: August 20XX

Account Analysis and Billing
200 S 6th St. / EP-MN-L18B
Minneapolis, MN 55402

1394P5 T9 P0

Account Number: 1-234-5678-9000
AMOUNT CREDITED: $5,668.75

Direct inquires to: Commercial Customer Service at 1-800-377-3053.

SAMPLE COMPANY A
XXX SAMPLE ADDRESS
CITY, ST ZIP

To help ensure the accuracy of your service activity, please review this statement promptly and compare it to your records. You must report any discrepancies within 60 days of the date this analysis statement is mailed or made available to you. After 60 days your service activity and billing will be deemed correct.

Consolidated Analysis Summary

SAMPLE COMPANY

Lead Account Number	1-234-5678-9000
Negative Collected Rate	9.00%
Reserve Adjustment Rate	10.00%
Settlement Frequency	Monthly
Settlement Period	August 2008

Balance Summary

Average Ledger Balance	$	6,467,014.94
Average Float	-	106,338.88
Average Collected Balance	=	6,360,676.06

Settlement Analysis

Average Collected Balance	$	6,360,676.06
Reserve Adjustment @ 10%	-	636,067.60
Fee Based Collected Balance (Net of Reserves)	-	5,724,608.46
Collected Balance Available for Earnings Credit Services	=	0.00
Fee Based Service Charges		(477.57)
Net Service Charges	**$**	**(477.57)**

Net of Interest and Service Charges

Interest Earned		6,146.32
Net Service Charges		(477.57)
Interest Earned Less Service Charges	**$**	**5,668.75**

The Reserve Adjustment deduction on your analyzed account statement may not necessarily reflect the actual reserves incurred by U.S. Bank.

Account Analysis and Billing
200 S 6th St. / EP-MN-L18B
Minneapolis, MN 55402

Service Activity Detail - Summary

Service	Volume	Avg Unit Price*	Total Charge	Collected Balance Required
Depository Services				
Account Maintenance	4	13.00000	52.00	N/A
Paper Credits	35	0.50000	17.50	N/A
Electronic Credits	2	0.25000	0.50	N/A
Paper Debits	920	0.21000	193.20	N/A
Electronic Debits	3	0.16000	0.48	N/A
Deposited Item-On-US	50	0.13000	6.50	N/A
Deposited Item-Local	14	0.13000	1.82	N/A
Deposited Item-Regional	54	0.13000	7.02	N/A
Deposited Item-Transit	47	0.13000	6.11	N/A
Statement With Checks	4	10.00000	40.00	N/A
Statement - Number of Items	920	0.03429	31.55	N/A
Subtotal: Depository Services			356.68	
Wire Transfers				
Incoming Fedwire	2	12.00000	24.00	N/A
CMT Bi Fedwire Non-Repetitive	3	22.00000	66.00	N/A
Wire Advice Mail	5	3.50000	17.50	N/A
Subtotal: Wire Transfers			107.50	
ACH Service				
ACH Received Item	11	0.12000	1.32	N/A
ACH Received Addenda Item	43	0.03000	1.29	N/A
Subtotal: ACH Service			2.61	
Coin And Currency Services				
Cash Deposited Per $100	98	0.11000	10.78	N/A
Subtotal: Coin And Currency Services			10.78	
Fee Based Service Charges			477.57	N/A
Total Service Charges			**477.57**	

*** For statements with more than one account, the per-unit pricing can vary from account to account. For detailed pricing information, refer to account level statements.**

Accounts Included In This Rollup (4)

1-234-5678-9000 0-123-4567-8900 0-012-3456-7890 0-001-2345-6789

Account Analysis and Billing
200 S 6th St. / EP-MN-L18B
Minneapolis, MN 55402

1394P5 T9 P0

Calculations and Definitions

Collected Balance Required: Earnings Credit Based Service Charges OR Total Charge ÷ Earnings Credit Rate ÷ (1-Reserve Adjustment Rate) ÷ Actual Days in Month × Actual Days in Year

Current Month Multiplier: 1.00 ÷ Earnings Credit Rate ÷ (1-Reserve Adjustment Rate) ÷ Actual Days in Month × Actual Days in Year

Charge for Negative Collected Balance: Average Negative Collected Balance × Negative Collected Balance Rate × Actual Days in Month ÷ 360

Earnings Credit: Collected Balance Available for Earnings Credit Services × Earnings Credit Rate × Actual Days in Month ÷ Actual Days in Year

Average Negative Collected Balance: On a daily basis, your ending collected balance is either positive or negative. If the ending ledger balance minus any uncollected funds (float) is less than zero, then your daily ending collected balance position is negative. At the end of the month, the daily negative collected balances are combined and divided by the number of days in the statement period.

Average Positive Collected Balance: If the ending ledger balance minus any uncollected funds (float) is greater than zero, then your daily ending collected balance is positive. At the end of the month, the daily positive collected balances are combined and divided by the number of days in the statement period.

Understanding Your Business Account Analysis Statement

At U.S. Bank, providing the best in customer service and convenience is a top priority. You will receive an accurate and timely U.S. Bank business account analysis statement in a concise, easy-to-read format. We're committed to meeting and exceeding all your business needs.

Consolidated Analysis Summary

❶ **Lead Account Number:** The checking account to which service charges are assessed.

❷ **Earnings Credit Rate:** The rate applied to the collected balance available for earnings credit to calculate total earnings credit, as detailed in the settlement analysis section on your analysis statement.

❸ **Negative Collected Rate:** The rate charged for use of uncollected balances.

❹ **Reserve Adjustment Rate:** This rate is based on the reserve requirement percentage set by the Federal Reserve.

❺ **Current Month Multiplier:** The collected balance available for earnings credit required to offset $1 of service charges.

❻ **Settlement Frequency:** The frequency with which your account settles.

❼ **Settlement Period:** The month your account will settle.

Balance Summary

❽ **Average Ledger Balance:** The sum of daily balances divided by the number of days in the month (includes collected and uncollected balances).

❾ **Average Float:** The sum of the average daily balance of all checks you deposited for which ledger credit has been given, but which are not yet collected.

❿ **Average Collected Balance:** The total of your daily ledger balances, minus float, divided by the number of days in the month.

⓫ **Average Negative Collected Balance:** If the ending ledger balance minus any uncollected funds is less than zero, then your daily ending collected balance position is negative. The average negative collected balance is calculated by adding the daily negative collected balances for all accounts and dividing by the number of days in the month.

⓬ **Average Positive Collected Balance:** If the ending ledger balance minus any uncollected funds is greater than zero, then your daily ending collected balance is positive. The average positive collected balance is calculated by adding the daily positive collected balances for all accounts and dividing by the number of days in the month.

Settlement Analysis

⓭ **Average Positive Collected Balance:** The same as the average positive collected balance described in number 12 above.

⓮ **Collected Balance Available for Earnings Credit Services:** The average positive collected balance.

⓯ **Earnings Credit:** The earnings credit rate multiplied by the collected balance available for earnings credit to produce your total earnings credit amount.

⓰ **Earnings Credit Based Service Charges:** The total service charges as detailed on your analysis statement in the service activity detail section.

⓱ **Current Month Surplus/(Deficit) Position:** The total service charges for the current month, after earnings credit has been deducted.

⓲ **Net Service Charges:** The net position at settlement. A negative value indicates that you owe a service charge.

Continued on next page...

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Account Analysis and Billing
200 S 6th St. / EP-MN-L18B
Minneapolis, MN 55402

SAMPLE COMPANY A

Customer Analysis Statement
Statement Period: January 20XX
Page 1 of 2

Account Number: 1-234-5678-9012
TOTAL CHARGE: $251.44

The Total Charge will be assessed to account 1-234-5678-9012 in the month of February.

Direct inquires to: Commercial Customer Service at 1-866-715-XXXX.

To help ensure the accuracy of your service activity, please review this statement promptly and compare it to your records. You must report any discrepancies within 60 days of the date this analysis statement is mailed or made available to you. After 60 days your service activity and billing will be deemed correct.

News For You

We are very excited about the changes taking place at U.S. Bank. As a valued business customer, we hope that you will take this opportunity to stop in at your local U.S. Bank branch and find out what new and exciting products are available to make your business the best it can be.

Consolidated Analysis Summary

SAMPLE COMPANY A

❶ Lead Account Number	1-234-5678-9012
❷ Earnings Credit Rate	1.48%
❸ Negative Collected Rate	12.25%
❹ Reserve Adjustment Rate †	0.00%
❺ Current Month Multiplier	883.94
❻ Settlement Frequency	Monthly
❼ Settlement Period	January 20XX

Balance Summary

❽ Average Ledger Balance	$	157,819.35	⓫ Average Negative Collected	$	(25,461.25)
❾ Average Float	-	0.00	⓬ Average Positive Collected	$	183,280.60
❿ Average Collected Balance	=	157,819.35			

Settlement Analysis

⓭ Average Positive Collected Balance	$	183,280.60
⓮ Collected Balance Available for Earnings Credit Services		183,280.60
⓯ Earnings Credit @1.48000%		230.38
⓰ Earnings Credit Based Service Charges	-	481.82
⓱ Current Month Surplus/(Deficit) Position	=	(251.44)
⓲ **Net Service Charges**	**$**	**(251.44)**

† The Reserve Adjustment deduction on your analyzed account statement may not necessarily reflect the actual reserves incurred by U.S. Bank.

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...Continued from previous page

Service Activity Detail

19 Service Activity Detail: This section lists volume, average unit price, total charge, and collected balance required for each service used. Association for Financial Professionals (AFP) Service Codes are available upon request.

20 Average Unit Price: The average price for each unit. For statements with more than one account, the per-unit pricing can vary from account to account. The average unit price at the summary level is calculated by dividing the total charge by volume. For detailed pricing information, refer to account level statements.

21 Collected Balance Required: The collected balance available for earnings credit you must maintain in your account to fully offset total charges.

22 Charge For Negative Collected Balance: The volume indicated for this line item is the number of dollars of average negative collected balance for the current month. The average unit price is calculated by multiplying the negative collected rate by the number of days in the current month, divided by 360.

23 Accounts Included In This Rollup: All accounts that comprise the total analysis activity.

24 Calculations and Definitions: Calculations and definitions of how key information on the account analysis statement is calculated.

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Account Analysis and Billing
200 S 6th St. / EP-MN-L18B
Minneapolis, MN 55402

Customer Analysis Statement
Statement Period: January 20XX
Page 2 of 2

19 Service Activity Detail - Summary

Service	Volume	Avg Unit Price* (20)	Total Charge	Collected Balance Required (21)
Depository Services				
Account Maintenance	4	14.50000	58.00	51,269
Electronic Credits	1	0.24000	0.24	212
(22) Charge For Neg Coll Balance	25,461.25	0.01054	268.58	237,411
Subtotal: Depository Services			326.82	
Zero Balance Accounts				
ZBA Lead	1	25.00000	25.00	22,099
ZBA Subsidiary	1	20.00000	20.00	17,679
Subtotal: Zero Balance Accounts			45.00	
Sweep				
Business Money Fund Sweep	1	85.00000	85.00	75,136
Subtotal: Sweep			85.00	
ACH Service				
ACH Monthly Maintenance	5	Maximum	25.00	22,099
Subtotal: ACH Service			25.00	
Earnings Credit Based Service Charges			481.82	425,900
Total Service Charges			**481.82**	

*** For statements with more than one account, the per-unit pricing can vary from account to account. For detailed pricing information, refer to account level statements.**

23 Accounts Included In This Rollup (4)

1-234-5678-9012 2-345-6789-0123 3-456-7890-1234 4-567-8901-2345

24 Calculations and Definitions

Collected Balance Required: Earnings Credit Based Service Charges OR Total Charge ÷ Earnings Credit Rate ÷ (1-Reserve Adjustment Rate) ÷ Actual Days in Month × Actual Days in Year

Current Month Multiplier: 1.00 ÷ Earnings Credit Rate ÷ (1-Reserve Adjustment Rate) ÷ Actual Days in Month × Actual Days in Year

Charge for Negative Collected Balance: Average Negative Collected Balance × Negative Collected Balance Rate × Actual Days in Month ÷ 360

Earnings Credit: Collected Balance Available for Earnings Credit Services × Earnings Credit Rate × Actual Days in Month ÷ Actual Days in Year

Average Negative Collected Balance: On a daily basis, your ending collected balance is either positive or negative. If the ending ledger balance minus any uncollected funds (float) is less than zero, then your daily ending collected balance position is negative. At the end of the month, the daily negative collected balances are combined and divided by the number of days in the statement period.

Average Positive Collected Balance: If the ending ledger balance minus any uncollected funds (float) is greater than zero, then your daily ending collected balance is positive. At the end of the month, the daily positive collected balances are combined and divided by the number of days in the statement period.

If you have any questions about your statement, please call the customer service phone number provided at the top of your statement. If a customer service phone number is not listed, please contact your local U.S. Bank branch or your Relationship Manager. We would be happy to review your statement with you.

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(viewSPDetail.do?spId=2731&coName=Elavon%2C%20Inc.)
Elavon, Inc. (viewSPDetail.do?spId=2731&coName=Elavon%2C%20Inc.)

Elavon, Inc.

ATLANTA GA, U.S.A.

Website:

Email: (mailto:)

Disclaimer: All brand names and logos are the property of their owners and are used on this website for identification purposes only. The use of such brand names and logos does not imply product endorsement. Secure technology notation is self-reported by the company and not independently verified by Visa.

Elavon, Inc.

Agents DBA:

Profile

Technology:
Participation History: 20 years
Region of Operation: U.S.

Validation Details

Service Provider Type	Validation Type	Valid Through Date	Assessor
TPS - PIN	PCI-PIN	Nov 30, 2024	K3DES, LLC

SAMPLE COMPANY A
ATTN CASH MANAGER
1234 RIVER ST.
CHICAGO, IL 12345

INVESTMENT ACCOUNT NUMBER:
400123456

YOUR SALES REPRESENTATIVE IS:
SAFEKEEPING OPERATIONS
(800) 236-4221

STATEMENT PERIOD 12/01/20XX - 12/31/20XX

usbank

Acct Name: SAMPLE COMPANY A	**SUMMARY - USD**	
Acct Number: 40012345		For period 12/01/20XX - 12/31/20XX

ACTIVITY - Settled/Cleared Cash Activity

Transaction Type	Amount
Purchases	0.00
Purchase Reversals	0.00
Sales	0.00
Sale Reversals	0.00
Withdrawals	0.00
Receipts	(100,197.80)
Deliveries	0.00
Principal Reversals	0.00
Interest	0.00
Interest Reversals	0.00
Interest Adjustments	0.00
Maturities	0.00
Calls	0.00
Puts	0.00
Paydowns	0.00
Paydown Adjustments	0.00
Payups	0.00
Payup Adjustments	0.00
Cash Dividends	0.00
Balance Changes	0.00
Stock Dividends	0.00
Closeouts	0.00
Closeout Dividends	0.00
Net Activity	**(100,197.80)**

Your Sales Representative is: SAFEKEEPING OPERATIONS
(123) 555-1234

Statement Contents

*Summary
*Activity - Settled/Cleared Cash Activity
*Activity - Projected Activity for Next Statement Period
*Holdings
*Cash Flow Projections
*Pledging Detail

HOLDINGS - Custody

Category	Par/Shares	Original Face	Principal Cost	Market Value
Treasury Obligations	655,000.00	655,000.00	557,828.20	700,741.68
Corporate Securities	850,000.00	850,000.00	875,132.64	963,094.55
Total Custody Holdings	**1,505,000.00**	**1,505,000.00**	**1,432,960.84**	**1,663,836.23**

PLEDGING

Total Pledged	8	Total Original Face	1,505,000.00
		Total Par/Current Face	1,505,000.00
		Total Market Value	1,663,836.23

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Acct Name: SAMPLE COMPANY A	**ACTIVITY - USD**	Page 2
Acct Number: 400123456	**Settled/Cleared Cash Activity**	For period 12/01/2011 - 12/31/2011

Date Ticket	Activity	Description	Rate Maturity	Par Price	Security ID	Amount
12/21/20XX 12345678	Receipt	U.S. Treasury Notes 2.01 11/15/	2.000 11/15/2021	100,000.00 100.000000	912828RR3	(100,197.80)
			Net Activity			**(100,197.80)**

Date Ticket	Activity	Description	Rate Maturity	Par Price	Security ID	Amount
01/03/20XX 234567890	Interest	U.S. TREASURY NOTES	1.000 12/31/20XX		987654AB1	500.00
01/03/20XX 345678901	Maturity	U.S. TREASURY NOTES	1.000 12/31/20XX		987654CD1	100,000.00
01/31/20XX 456789012	Interest	U S TREASURY NOTES 1.75 NOTE 15	1.750 07/31/20XX		987654EF1	2,231.25
			Net Projected Activity			**102,731.25**

CUSTODY

Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value
Treasury Obligations						
08/15/2012 PLEDGED	987654GH1 123456789	4.375 11/02	U S TREASURY NOTE 08/15/2012	100,000.00 100,000.00	0.00	102,691.40
07/31/2015 PLEDGED	987654IJ1 234567890	1.750 08/10	U S TREASURY NOTE 1.75 NOTE 15	255,000.00 255,000.00	255,000.00	265,737.80
02/15/2020 PLEDGED	987654KL1 345678901	3.625 02/11	U.S. Treasury Notes 912828MP2 02/15/20	200,000.00 200,000.00	202,828.20	231,484.38
11/15/2021 PLEDGED	987654MN1 456789012	2.000 12/11	U.S. Treasury Notes 2.01 11/15/21	100,000.00 100,000.00	100,000.00	100,828.10
		Treasury Obligations Total		**655,000.00** **655,000.00**	**557,828.20**	**700,741.68**
Corporate Securities						
03/15/2015 PLEDGED	987654OP1 567890123	5.000 07/06	SAMPLE COMPANY B 5.000, 03/15/2015	250,000.00 250,000.00	250,000.00	263,966.25
03/15/2019 PLEDGED	987654QR1 678901234	5.600 11/09	SAMPLE COMPANY C 5.6 03/15/19	250,000.00 250,000.00	273,167.75	297,013.00
04/01/2019 PLEDGED	987654ST1 890123456	5.125 08/09	SAMPLE COMPANY D SR UNSECURED	250,000.00 250,000.00	251,964.89	289,688.00

CUSTODY

Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value
04/15/2020	987654UV1 901234567	4.500 05/10	SAMPLE COMPANY E SR UNSECURED	100,000.00 100,000.00	100,000.00	112,427.30
PLEDGED						
		Corporate Securities Total		**850,000.00** **850,000.00**	**875,132.64**	**963,094.55**
		Total Custody Holdings		**1,505,000.00** **1,505,000.00**	**1,432,960.84**	**1,663,836.23**

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Acct Name: SAMPLE COMPANY A
Acct Number: 400123456

CASH FLOW PROJECTIONS - USD
For The Next 12 Months

Last Pay Date Security ID Description	Ticket	Jan 12 May 12 Sep 12	Feb 12 Jun 12 Oct 12	Mar 12 Jul 12 Nov 12	Apr 12 Aug 12 Dec 12
12/31/2011	345678901	100,500.00	0.00	0.00	0.00
987654CD1		0.00	0.00	0.00	0.00
U.S. TREASURY NOTES		0.00	0.00	0.00	0.00
08/15/2012	123456789	0.00	2,187.50	0.00	0.00
987654GH1		0.00	0.00	0.00	102,187.50
U S TREASURY NOTE		0.00	0.00	0.00	0.00
03/15/2015	567890123	0.00	0.00	6,250.00	0.00
987654OP1		0.00	0.00	0.00	0.00
SAMPLE COMPANY B		6,250.00	0.00	0.00	0.00
07/31/2015	234567890	2,231.25	0.00	0.00	0.00
987654IJ1		0.00	0.00	2,231.25	0.00
U S TREASURY NOTE		0.00	0.00	0.00	0.00
03/15/2019	678901234	0.00	0.00	7,000.00	0.00
987654QR1		0.00	0.00	0.00	0.00
SAMPLE COMPANY C		7,000.00	0.00	0.00	0.00
04/01/2019	890123456	0.00	0.00	0.00	6,406.25
987654ST1		0.00	0.00	0.00	0.00
SAMPLE COMPANY D		0.00	6,406.25	0.00	0.00
02/15/2020	345678901	0.00	3,625.00	0.00	0.00
987654KL1		0.00	0.00	0.00	3,625.00
U.S. Treasury Notes		0.00	0.00	0.00	0.00
04/15/2020	901234567	0.00	0.00	0.00	2,250.00
987654UV1		0.00	0.00	0.00	0.00
SAMPLE COMPANY E		0.00	2,250.00	0.00	0.00
11/15/2021	456789012	0.00	0.00	0.00	0.00
987654MN1		1,000.00	0.00	0.00	0.00
U.S. Treasury Notes		0.00	0.00	1,000.00	0.00
		102,731.25	**5,812.50**	**13,250.00**	**8,656.25**
		1,000.00	**0.00**	**2,231.25**	**105,812.50**
		13,250.00	**8,656.25**	**1,000.00**	**0.00**
Total Projected Cash Flow		**262,400.00**			

Projections are made only on holdings paid through U.S. Bank and are not guaranteed.

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Acct Name: SAMPLE COMPANY A
Acct Number: 400123456

PLEDGING DETAIL - USD
AS OF 12/31/20XX

Pledge ID: AB0CD **Pledge Description:** ST DEPT OF INSURANCE

Security ID Ticket	Description Rate	Maturity Moody S&P	Pricing Date Pricing Source	Current Market Price Current Market Value	Pledged Face Value Current Par/Face Value
987654GH1 123456789	U S TREASURY NOTE 4.375	08/15/2012 Aaa NR	12/29/2011 ssnidc	102.691400 102,691.40	100,000.00 100,000.00
987654OP1 567890123	SAMPLE COMPANY B 5.000	03/15/2015 A2 BBB+	12/29/2011 ssnidc	105.586500 263,966.25	250,000.00 250,000.00
987654IJ1 234567890	U S TREASURY NOTE 1.750	07/31/2015 Aaa NR	12/29/2011 ssnidc	104.210900 265,737.80	255,000.00 255,000.00
987654QR1 567890123	SAMPLE COMPANY C 5.600	03/15/2019 A1 AA-	12/29/2011 ssnidc	118.805200 297,013.00	250,000.00 250,000.00
987654ST1 567890123	SAMPLE COMPANY D 5.125	04/01/2019 A1 AA	12/29/2011 ssnidc	115.875200 289,688.00	250,000.00 250,000.00
987654KL1 567890123	U.S. Treasury Notes 3.625	02/15/2020 Aaa NR	12/29/2011 ssnidc	115.742188 231,484.38	200,000.00 200,000.00
987654UV1 567890123	SAMPLE COMPANY E 4.500	04/15/2020 A2 A	12/29/2011 ssnidc	112.427300 112,427.30	100,000.00 100,000.00
987654MN1 567890123	U.S. Treasury Notes 2.000	11/15/2021 Aaa	12/29/2011 ssnidc	100.828100 100,828.10	100,000.00 100,000.00

Pledge ID Total	**8**	**Total Original Face**	**1,505,000.00**
		Total Par/Current Face	**1,505,000.00**
		Total Market Value	**1,663,836.23**

U.S. Bank Safekeeping does not monitor Current Market Value against Current Par/Face Value of pledged securities. Please add or substitute pledges when the Current Market Value of pledged securities is not adequate for your requirements.

We attest that the pledge information presented within this report is accurate to the best of our knowledge. Please call us at 800-236-4221 if you have any questions.

U.S. Bank N.A. - Corporate Treasury Safekeeping

Credit Ratings

	Moody's	S&P	Fitch	DBRS
Ratings Outlook:	Watch Negative	Stable	Stable	Negative
U.S. Bancorp				
Long Term Issuer Rating	A3	A	A+	AA
Short Term Issuer Rating	N/A	A-1	F1	R-1 (middle)
Senior Unsecured Debt	A3	A	A	AA
Subordinated Debt	A3	A-	A-	AA (low)
Junior Subordinated Debt	Baa1	N/A	N/A	N/A
Preferred Stock	Baa2	BBB	BBB	A
Commercial Paper	P-2	N/A	F1	N/A
U.S. Bank National Association				
Long Term Issuer Rating	A2	A+	A+	AA (high)
Short Term Issuer Rating	P-1	A-1	F1	R-1 (high)
Long Term Deposits	Aa3	N/A	AA-	AA (high)
Short Term Deposits	P-1	N/A	F1+	N/A
Senior Unsecured Debt	A2	A+	A+	AA (high)
Subordinated Debt	A2	A	N/A	AA
Commercial Paper	P-1	A-1	N/A	R-1 (high)
Counterparty Risk Assessment	A1(cr)/P-1(cr)			
Counterparty Risk Rating	A2/P-1			
Baseline Credit Assessment	a2			
U.S. Bank Trust Company, National Association				
Long Term Issuer Rating	A2	A+	A+	AA (high)
Short Term Issuer Rating	P-1	A-1	F1	R-1 (high)
Counterparty Risk Assessment	A1(cr)/P-1(cr)			
Counterparty Risk Rating	A2/P-1			
Baseline Credit Assessment	a2			
Elavon Financial Services DAC				
Long Term Issuer Rating	A2	A+	A+	
Short Term Issuer Rating	P-1	A-1	F1	
Long Term Deposits	A1	N/A	A+	
Short Term Deposits	P-1	N/A	F1	

2021 ANNUAL REPORT

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Moving confidently into the future

The global pandemic that took center stage during the past two years changed a lot of things about life, business and the way we think about what is most important to us. We discovered new ways of working, strengthened our reliance on technology, and gained a greater appreciation for the power of relationships and goodwill to get us through the tough times.

Andy Cecere
Chairman, President
and Chief Executive Officer

At U.S. Bancorp, we focused in 2021 on being flexible, resilient and responsible. We emphasized keeping our people healthy and safe while operating our business effectively for the greater good of our customers, communities and shareholders. We took steps to help our customers weather the pandemic and prioritized our efforts to meet the greatest needs, while continuing to transform our business to meet the next wave of expectations.

The second year of the global pandemic was extraordinary by any measure. I am proud of what our company and our nearly 70,000 employees achieved in providing meaningful assistance to our customers and our broader communities. We drew upon our strengths, focused on our opportunities, and were realistic about the challenges we faced. We partnered with a national nonprofit to issue an innovative bond designed for targeted and measurable racial equity results. We introduced the U.S. Bank Access Commitment™ as part of our ongoing effort to advance diversity, equity and inclusion across our footprint, in our communities and throughout our company. We announced companywide commitments to address the impacts of climate change on our business, customers and communities. At the same time, we recognized we needed to do more, faster.

2021 was a transition year in many respects. As local economies continued to recover from pandemic-related shutdowns, and employment conditions improved throughout the year, our businesses benefitted from increased consumer and business activity. By mid-year, sales volumes in each of our three payments businesses – credit and debit card, merchant acquiring and corporate payments systems – were above 2019 levels for the first time since the beginning of the pandemic. Our mortgage business saw strong demand for housing and favorable refinancing rates for our customers. Likewise, our trust and investment management business gained from new account growth and improving market conditions.

We continued to serve our consumer and business banking customers through our branch network and state-of-the-art digital distribution systems. We saw strong deposit inflows throughout the year, and in the fourth quarter, demand for loans picked up meaningfully, supported by improving consumer and business sentiment. Additionally, credit costs – which were a headwind in 2020 – shifted to a tailwind as the economic outlook improved and loan losses reached historically low levels.

We invested for the future, relying on our well-established innovation infrastructure to "build" when that made sense and to "buy" when that was the most efficient use of capital. For example, we acquired Bento Technologies, a fintech company that provides payment and expense management services to small business, and TravelBank, an all-in-one expense and travel management company serving emerging middle-market companies. In the fourth quarter, we closed on the acquisition of PFM Asset Management, which increased our assets under management in our Wealth Management and Investment Services business to more than $400 billion and enhanced our position in a niche area within the money market world. We also became one of the first banks in the country to announce new cryptocurrency custody services for institutional investment managers.

The cyclical recovery continues as the country moves toward a post-pandemic "new normal," but it is our strategic growth opportunities we are most excited about. We continue to believe we are well-positioned to deliver superior growth and industry-leading returns on equity during the next several years given our business mix, comprehensive and holistic payments and banking solutions and expansive distribution model supported by digital capabilities.

As we head into 2022, we will build upon our diverse mix of profitable businesses, strong culture, efficient operating platform, best-in-class financial and risk disciplines and growing leadership position in digital banking. The environment is such that we are reconsidering traditional banking products and challenging ourselves to create ways to help our customers achieve their financial goals. We are seeking new opportunities to add value to our clients as we navigate a world with new competition and changing expectations.

As we head into 2022, we will build upon our diverse mix of profitable businesses, strong culture, efficient operating platform, best-in-class financial and risk disciplines and growing leadership position in digital banking.

We will continue to make investments in technology modernization, digital transformation and a unified banking and payments ecosystem – weaving together the best of both banking and payments to create a comprehensive offering. Through all this, we will strive for simplicity in everything we do. We will remain focused on expense management and delivering efficiency and effectiveness. At the same time, we will emphasize acquiring new customers and deepening relationships with our current client base.

Similarly, we are pushing ahead with ambitious growth plans, including the acquisition of MUFG Union Bank, pending regulatory approval. We are always looking for ways to be more agile, to build scale and to adapt to changing customer behaviors and expectations. This acquisition would allow us to do that. MUFG Union Bank is a terrific company with talented people, loyal customers and an excellent reputation for community service and corporate social responsibility in the markets they serve in California, Oregon and Washington. We believe the combination of U.S. Bank and MUFG Union Bank creates benefits for all stakeholders, employees, customers and the communities we serve. That doesn't happen often, and we have a lot to look forward to because of it. This acquisition is good for U.S. Bank because it increases scale and allows us to deepen and expand our footprint in California and throughout the West Coast. These markets are growing, and we are committed to their success. It's good for consumers and businesses, because we are creating a more effective competitor – one who will improve the customer experience and access with leading digital tools, enhanced technology and a broader product set. It's good for communities, because we will continue to serve every market, and we will do so with a particular focus on low- and moderate-income communities. And it's good for employees. We will retain MUFG Union Bank and U.S. Bank front-line branch employees in California, and the combined company will be a stronger employer across the West Coast for years to come. We value the markets, the culture and the similarities that will enable us to hit the ground running from day one.

Our goals are straightforward. We will focus on adding value for our customers and making the necessary investments to ensure long-term success – and we will do it simply, efficiently and effectively. We are taking advantage of opportunities on many fronts to further establish ourselves as a leader in the financial services industry. We are well-positioned to make the right moves to accelerate our growth, and we have a strong team to make it possible.

I can confidently say we have a bright future ahead of us. Thank you for investing in us and joining us as we move forward together.

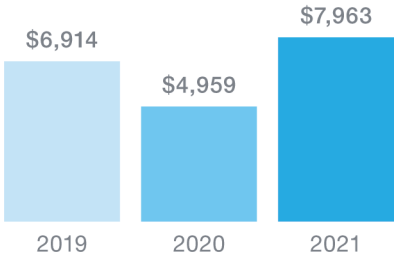
Sincerely,

Andy Cecere
Chairman, President and Chief Executive Officer
U.S. Bancorp
February 22, 2022

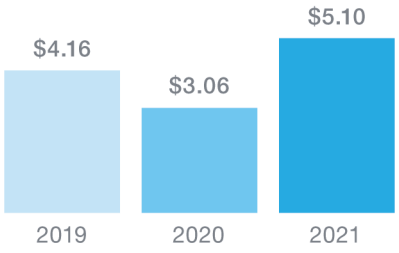
We will focus on adding value for our customers and making the necessary investments to ensure long-term success – and we will do it simply, efficiently and effectively.

FINANCIAL HIGHLIGHTS

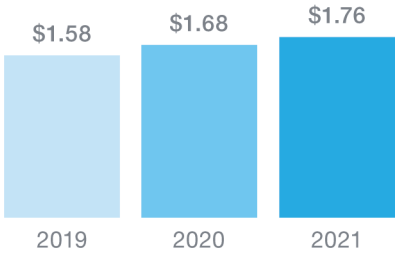
Net income attributable to U.S. Bancorp (in millions)



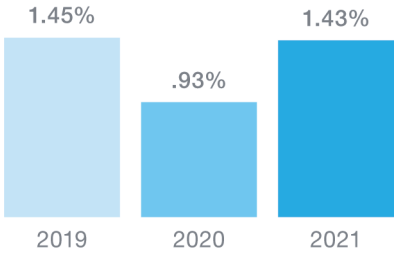
Diluted earnings per common share



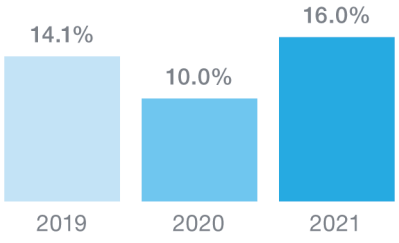
Dividends declared per common share



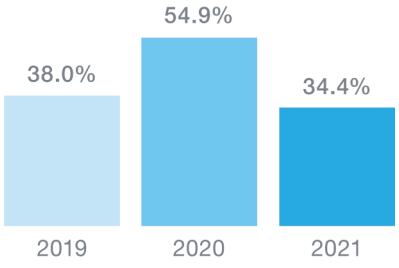
Return on average assets



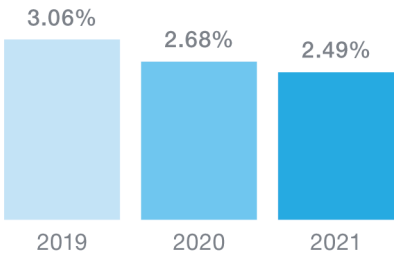
Return on average common equity



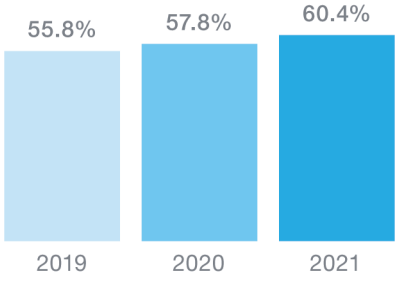
Dividend payout ratio



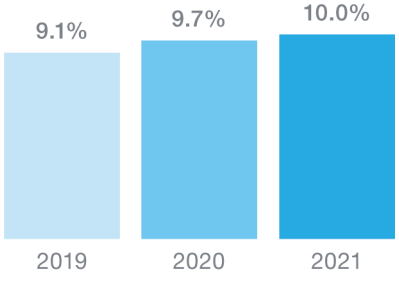
Net interest margin [a]



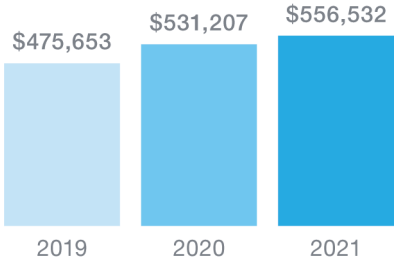
Efficiency ratio [b]



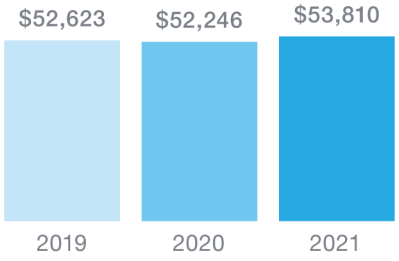
Common equity tier 1 capital [c]



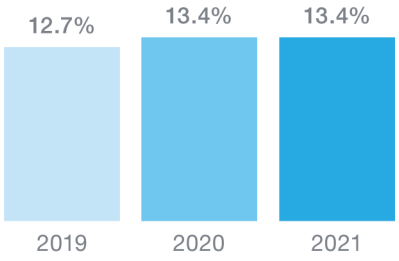
Average assets (in millions)



Average U.S. Bancorp shareholders' equity (in millions)



Total risk-based capital [c]



(a) Taxable-equivalent basis based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.
(b) See Non-GAAP Financial Measures beginning on page 60.
(c) Calculated under the Basel III standardized approach.

FINANCIAL SUMMARY

Year ended December 31 (Dollars and shares in millions, except per share data)	2021	2020	2019	2021 v 2020	2020 v 2019
Net interest income	$12,494	$12,825	$13,052	(2.6)%	(1.7)%
Taxable-equivalent adjustment[a]	106	99	103	7.1	(3.9)
Net interest income (taxable-equivalent basis)[b]	12,600	12,924	13,155	(2.5)	(1.8)
Noninterest income	10,227	10,401	9,831	(1.7)	5.8
Total net revenue	22,827	23,325	22,986	(2.1)	1.5
Noninterest expense	13,728	13,369	12,785	2.7	4.6
Provision for credit losses	(1,173)	3,806	1,504	*	*
Income taxes and taxable-equivalent adjustment	2,287	1,165	1,751	96.3	(33.5)
Net income	7,985	4,985	6,946	60.2	(28.2)
Net (income) loss attributable to noncontrolling interests	(22)	(26)	(32)	15.4	18.8
Net income attributable to U.S. Bancorp	$7,963	$4,959	$6,914	60.6	(28.3)
Net income applicable to U.S. Bancorp common shareholders	$7,605	$4,621	$6,583	64.6	(29.8)
Per common share					
Earnings per share	$5.11	$3.06	$4.16	67.0%	(26.4)%
Diluted earnings per share	5.10	3.06	4.16	66.7	(26.4)
Dividends declared per share	1.76	1.68	1.58	4.8	6.3
Book value per share[c]	32.71	31.26	29.90	4.6	4.5
Market value per share	56.17	46.59	59.29	20.6	(21.4)
Average common shares outstanding	1,489	1,509	1,581	(1.3)	(4.6)
Average diluted common shares outstanding	1,490	1,510	1,583	(1.3)	(4.6)
Financial ratios					
Return on average assets	1.43%	.93%	1.45%		
Return on average common equity	16.0	10.0	14.1		
Net interest margin (taxable-equivalent basis)[a]	2.49	2.68	3.06		
Efficiency ratio[b]	60.4	57.8	55.8		
Average balances					
Loans	$296,965	$307,269	$290,686	(3.4)%	5.7%
Investment securities[d]	154,702	125,954	117,150	22.8	7.5
Earning assets	506,141	481,402	430,537	5.1	11.8
Assets	556,532	531,207	475,653	4.8	11.7
Deposits	434,281	398,615	346,812	8.9	14.9
Total U.S. Bancorp shareholders' equity	53,810	52,246	52,623	3.0	(.7)
Period end balances					
Loans	$312,028	$297,707	$296,102	4.8%	.5%
Allowance for credit losses	6,155	8,010	4,491	(23.2)	78.4
Investment securities	174,821	136,840	122,613	27.8	11.6
Assets	573,284	553,905	495,426	3.5	11.8
Deposits	456,083	429,770	361,916	6.1	18.7
Total U.S. Bancorp shareholders' equity	54,918	53,095	51,853	3.4	2.4
Capital ratios					
Common equity tier 1 capital	10.0%	9.7%	9.1%		
Tier 1 capital	11.6	11.3	10.7		
Total risk-based capital	13.4	13.4	12.7		
Leverage	8.6	8.3	8.8		
Total leverage exposure	6.9	7.3	7.0		
Tangible common equity to tangible assets[b]	6.8	6.9	7.5		
Tangible common equity to risk-weighted assets[b]	9.2	9.5	9.3		
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology[b]	9.6	9.3			

** Not meaningful*

(a) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(b) See Non-GAAP Financial Measures beginning on page 60.

(c) Calculated as U.S. Bancorp common shareholders' equity divided by common shares outstanding at end of the period.

(d) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

The future is now

The COVID-19 pandemic changed a lot of things about life, business and the way we think about what's most important to us. It also gave us all a greater appreciation for the power of emotional connection to get us through the tough times.

As we move forward, it is clear that strong relationships with our customers, clients, employees and partners will continue to be core to our success. The companies that thrive will be the ones, like us, that move quickly, strategically and responsibly toward the future. We will grow by being the most trusted choice in our industry, driving a One U.S. Bank approach, striving for simplicity and creating the future now.

We're accomplishing that through a blend of strategic investments and transformational efforts that will further strengthen our financial position and adapt to an ever-changing environment.

Leading in an increasingly digital world

Digital money movement is transforming how we interact with each other and the financial system. Whether transferring money from consumer to consumer, business to business or variations in-between, the events of the past two years accelerated the embrace of real-time and other digital payment types from the realm of early adopters into the mainstream. An insurance claim can now be paid digitally rather than writing a check, roommates can split household expenses through Zelle® and a restaurant can have access to the money it made in a day available by close rather than waiting for every credit card transaction to process or check to clear.

170 new features in 2021

Our mobile app won accolades, including a No. 1 ranking among banking apps by industry benchmarking firm Keynova Group in its Q3 2021 Mobile Banker Scorecard and No. 1 rankings in both Alerts and Account Management categories from Insider Intelligence.

We've delivered more than 170 new features across the mobile app and online and expanded the capabilities of existing features like Smart Assistant. In early 2021, we launched new personalized digital tools that give high-touch customer service with a local banker, through both virtual appointments and cobrowsing with video – a first in the industry and available via both mobile app and online.

Unique competitive advantage

We have a unique competitive advantage with our technology and processes. It's enabled us to create innovative products and services that harness real-time payments capabilities to help consumer, small business and commercial clients conduct their business with greater speed, efficiency and security. Nearly 20,000 of our business customers have started using **Everyday Funding** to receive merchant settlement transfers 365 days per year, including over the weekend and on holidays. This gives them continuous access to funds to pay bills and keep their businesses moving forward.

Award-winning solution

At the start of the pandemic, companies turned to us to provide their employees quick access to virtual corporate cards through the **U.S. Bank Instant Card** app so they could buy their own home office equipment or personal protection equipment (PPE) without using their personal credit cards. The solution proved to be so popular it has expanded into everything from distributing emergency funds for foster care parents to allowing job candidates to book their own travel. The card was honored with the 2021 Impact Innovation Award in Product Development by the Aite Group, a global research and advisory firm.

Helping business owners focus on what matters most

We've also been making strategic acquisitions to help businesses simplify their money movement needs. In November, we announced the acquisition of TravelBank, a fintech company that provides an all-in-one, mobile-friendly solution for travel management. Our integration with TravelBank's platform will provide the most comprehensive expense, travel and payment solution in the industry. We also bought Bento Technologies, better known as Bento for Business, a fintech company that provides payment and expense management services for small and midsize businesses. Adding Bento to our suite of services means we can help our business banking customers spend less time worrying about administrative tasks and more time and energy on bringing their vision to life.

Building connections

Our people are our biggest asset, and we invest in them to ensure they're empowered to be trusted partners. The world around us is changing, but consumers still want a personal touch when it comes to meaningful conversations about their finances – merging the best of human and digital experiences.

A place for consultative conversations

As we've added more features to the mobile app allowing consumers to bank when, where and how they want, the role of our branch employees has evolved. Our retail locations are no longer hubs for routine transactions like cashing a check; now they're places where consumers can talk in-person about how they can reach their goals. Knowing how to handle these discussions not only requires a broad range of product knowledge, but also the skills to actively listen and understand how we can help.

Exploring what truly matters in life

For consumers who want an enhanced level of collaborative and purposeful guidance, we expanded our goals coaching program in 2021. Our coaches use personalized tools and resources to help consumers explore what truly matters in life, whether their goals are personal or financial. Goals coaches are available virtually at no cost because we believe that life guidance should be available to anyone who wants it.

This year we announced a multi-year partnership with professional golfer Collin Morikawa. With six professional wins, including two major championships, he represents what we're focused on at U.S. Bank – encouraging consumers to go after their dreams.

Forbes 2021
WORLD'S BEST EMPLOYERS

Forbes recognized U.S. Bank among the World's Best Employers in 2021, ranking us second among American-based banking and financial services companies. We placed in the top 10% of the 750 companies on the list at No. 72.

LinkedIn
TOP 2021
COMPANIES

LinkedIn named us one of the 50 Best Places to Grow Your Career as part of the Top Companies 2021 list. The social network uses its proprietary data to create the annual list, which aims to "go beyond the companies that attract talent to uncover the companies that invest in their talent."

In this red-hot housing market, we worked to help as many customers as we could and, as a result, had our best-ever year serving customers. Our team's powerful combination of data, technology and personal relationships that advances our mission of sustainable homeownership put us in a strong position to meet customer demand.

Nationwide alliance

The power of relationships is the driving force of our alliance with State Farm, which has continued to strengthen since it was first announced in 2020. This partnership gives us an unprecedented opportunity to combine U.S. Bank products and services with State Farm's coast-to-coast network of 19,000 agents. In early 2021, we finalized our conversion of the deposit and credit card portfolios of State Farm's former federal savings bank subsidiary. This added the same number of new checking accounts as if we had opened a small metropolitan area, and on the credit card side, added the same number of customers comparable to two large metropolitan areas. In October, State Farm small business customers gained access to our business banking products and services through their agents across the country for the first time.

Reflecting the communities we serve

We're taking action to ensure that our workforce reflects the communities we serve and that we have targeted development programs to help increase gender and racial diversity at all levels of our organization.

Our Business Resource Groups (BRGs) are foundational to our culture. They provide the opportunity to network, learn, develop new leadership skills and contribute powerfully to our company and the communities where we live and work. More than 20,000 employees participated in 1,300 events and volunteer opportunities coordinated by our 110 BRG chapters, including Asian Heritage, Black Heritage, Disability, LGBTQ+, Native American, Nosotros Latinos, Proud to Serve (military/veteran) and Women. The role our BRGs play in championing equity and fostering inclusion helped us rise to No. 18 on the DiversityInc Top 50 Companies for Diversity list, up from No. 40 in 2020.

Investing in our relationships

We pride ourselves on being relationship-oriented. How a bank responds to its clients during moments of uncertainty in the markets and economy define those relationships for years to come.

One of the first to offer cryptocurrency custody services

The price of Bitcoin was less than $200 when our Blockchain and Cryptocurrency Practice was established in 2015. As this market continues to evolve, we surveyed some of our largest clients to determine if they were interested in crypto – and it turned out that there was not only broad interest, but that fund managers also wanted the credibility of a bank like U.S. Bank to help reassure their clients. To meet this need, we became one of the first to offer cryptocurrency custody services, which are now available to Global Fund Services clients. The offering will help investment managers store private keys for Bitcoin with assistance from sub-custodian NYDIG.

An easier-to-use digital investing tool

U.S. Bancorp Investments (USBI) revamped its Automated Investor to make it easier to use and more accessible to first-time investors. Based on extensive research and customer co-creation, the USBI team rebuilt the experience and is delivering many new features, including a new low minimum investment of $1,000 (previously $5,000); a new faster application with fewer steps; seven new customer-friendly goals, including a new home and a home remodel; and a new dashboard for accounts that shows projected value, whether a customer is on or off track toward goals.

New passive currency hedging service

We also announced a new passive currency hedging service powered by Lumint's industry-leading technology. The new U.S. Bank Global Currency Management solution offers institutional investors a highly automated and scalable solution for portfolio and share class currency hedging and will allow them to enjoy full performance of their assets and protect their overall investment from currency exchange volatility.

Welcoming PFM Asset Management

The acquisition of PFM Asset Management by U.S. Bancorp Asset Management solidified our position as a leading provider of investment solutions. PFM Asset Management brings a wide array of client relationships and product offerings, including local government investment pools, outsourced chief investment officer services and separately-managed accounts in both fixed income and multi-asset class strategies. PFM Asset Management will continue to operate as a separately registered investment adviser.

More specialty coverage for large corporate clients

Our Corporate Banking team serves clients in more than a dozen industries across the country, from Healthcare to Insurance, delivering the credit, leasing and international payment services that have helped businesses grow, hire and innovate. In response to clear market needs, we added Aerospace & Defense and Hospitality & Leisure, enabling more companies to benefit from the team's deep specialty expertise and broad geographic coverage as they continued to navigate the impacts of the pandemic.

Addressing Environmental, Social and Governance (ESG) through financing activities

In a survey, **71 percent of chief financial officers (CFOs)** told us that their business's focus on ESG has increased in the past year. While there are countless impactful ESG activities taking place across organizations, attention has increasingly turned to how CFOs can address ESG through their financing activities. The opportunities to structure financing to incentivize progress are vast. That's part of the reason why we expanded sustainable financing capabilities as client demand surges, including the formal establishment of a full-service ESG practice within Fixed Income & Capital Markets.

We also joined Enterprise Community Partners to issue – and invest in – an innovative bond designed for targeted and measurable racial equity results. Issued by Enterprise Community Loan Fund, Enterprise's Community Development Financial Institution (CDFI), the $30 million bond will help provide loans to housing developers who identify as Black, Indigenous or with other communities of color. This is the first CDFI-issued racial equity bond, and the designation of this social bond as a racial equity bond provides for targeted investments in underserved communities.

Investing in a better tomorrow

We're investing in a long-term approach to bring the strengths of our company to help address some of the biggest challenges impacting people and our planet.

U.S. Bank Access Commitment™

In February 2021, we launched U.S. Bank Access Commitment,™ a series of long-term initiatives to address the persistent racial wealth gap and increase wealth building opportunities, starting with the Black community, because that is where the U.S. racial wealth gap is the greatest. Working to close the racial wealth gap is an area where we can use our core competencies as a financial institution to help address wealth disparities and the underlying systemic barriers that prevent economic mobility for everyone.

The work is focused on three primary areas:

- Supporting small businesses
- Helping communities and families advance economically
- Enhancing career opportunities for employees and prospective employees

The ongoing work spans the entire company and builds on the $116 million commitment we made in 2020, including increased supplier spend, innovative products and services, transformative customer experiences and long-term, place-based partnerships.

Supporting racial equity: 2021

In 2021, we provided **$197+ million** in capital to Black-owned or -led businesses and organizations and launched U.S. Bank Access Commitment,™ our long-term approach to serving diverse communities with additional investments.

This included our
$25 million
Access Fund supporting more than **30,000** women of color-owned microbusinesses over three years.

Received
$65 million
NMTC* allocation that will support community investments in projects that support racial equity.

Made
$305 million
in loan commitments to CDFIs during 2021, bringing USBCDC's total of debt capital support to more than **$485 million**.

Invested in more than
260 Black leaders who completed McKinsey Black Leadership Academy.

Reopening Minneapolis branches damaged in civil unrest and **donated** one former branch building for future community development.

Source: U.S. Bank. The $197+ million includes tax credit investments plus support of Community Development Financial Institutions (CFDI's) and other community organizations through the U.S. Bancorp Community Development Corporation (USBCDC).

*New Market Tax Credit

Supporting women of color microbusiness owners

We launched the $25 million U.S. Bank Access Fund – a fund that will support more than 30,000 women of color microbusiness owners over three years, prioritizing Black women business owners. The fund, a collaboration between U.S. Bank Foundation and U.S. Bancorp Community Development Corporation, includes long-term investments of grants and capital funding to three partners: the African American Alliance of CDFI CEOs (the Alliance), Grameen America and Local Initiatives Support Corporation (LISC).

Microbusinesses – defined as having 10 or fewer employees – led by women of color are some of the fastest-growing in the country, yet face tremendous barriers. This fund will help sustain and create new job opportunities for those businesses, as well as provide access to capital, technical assistance and networking opportunities. U.S. Bank leaders will also share expertise with business owners through a series of customized seminars and roundtables.

Over the past several years, we've donated mortgage-free homes, vehicles and home repairs to military veterans. In 2021, we unveiled a new program called Operation Always Remember, revisiting 42 of the previous recipients of these programs with gift cards for gas, clothing and restaurants worth up to $5,000 dollars.

U.S. Bancorp Community Development Corporation has helped ensure that more than $485 million in capital was available for CDFIs and their customers, most of that in the last five years.

2021 WORLD'S MOST ETHICAL COMPANIES™
WWW.ETHISPHERE.COM

The Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, named us one of the World's Most Ethical Companies for the seventh consecutive year.

The U.S. Bank Access Fund exists to help entrepreneurs like Joanna, owner of Joanna's Sweet Creations, receive financing from U.S. Bank partners like Grameen America.

Addressing the impacts of climate change

Managing our business in an environmentally sustainable manner is an important component of corporate responsibility and critical to the health of our economy. That's why we announced several companywide commitments to address the impacts of climate change on our business, customers and communities, including the following:

- Setting a goal to achieve Net Zero greenhouse gas emissions – including financed emissions – by 2050.
- Setting a goal to source 100% renewable electricity within our operations by 2025 and joining RE100.
- Setting an environmental finance goal of $50 billion by 2030 to support the transition to a low-carbon economy.
- Aligning disclosures with the Task Force on Climate-related Financial Disclosures recommendations.
- Joining the Partnership for Carbon Accounting Financials (PCAF) and committing to measure and disclose financed emissions using PCAF standards.

The $50 billion environmental finance goal will advance the transition to a low-carbon economy by financing more customers and projects that have a positive impact on the environment. Additional information on our climate commitments and new ESG strategy can be found at **usbank.com/ESG2021**.

World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

Philanthropy anchored in trust and humility

We believe all people deserve the opportunity to dream, believe and achieve. Through the U.S. Bank **Community Possible** platform, we invest our time, resources and passion in economic development by supporting efforts to create stable jobs, better homes and vibrant communities. This work drives our focus of reducing economic and racial barriers to success for women, people of color and low- and moderate- income communities.

A key program to support these efforts is the annual **Market Impact Fund**. The $1 million micro-local grant program, focused this year on young entrepreneurs of color, provided grants to 20 nonprofit organizations across the U.S. These emerging leaders are acutely focused on creating effective community-led solutions to increasing economic disparities.

In 2021, we gave $62 million in corporate donations and grants, and 267,000 hours in employee volunteering, to 9,000 schools, nonprofits and community organizations.

Employee Giving and Employee Assistance Fund Campaigns

Our employees continue to lead the way in our community and employee impact efforts. Each year, our employees participate in an annual Employee Giving Campaign focused on supporting nonprofit organizations across the country. We raised a record-breaking $13 million and recorded 31,000 volunteer hours for communities in need, supporting 14,000 unique organizations.

The annual Employee Assistance Fund (EAF) Campaign offers the opportunity for employees to support one another when they've exhausted their ability to pay for essential living expenses due to an unexpected event. Since its inception, the EAF has granted nearly $14 million to over 3,600 employees, helping them overcome unforeseen financial hardships like illness, natural disaster, the job loss of a spouse or partner or the death of a family member. In 2021, we raised a record-breaking $1.5 million for the EAF to support employees in need.

Chris Taylor, a former business banker, created his own role at U.S. Bank promoting financial literacy and helping to build wealth and create access for diverse communities, starting with youth and their families in Columbus, Ohio.

Financial inclusion

Financial inclusion and wellness of our employees, customers and communities continue to be a priority. In 2021, we expanded our Employee Financial Wellness campaign, with employees participating in over 10,000 activities to support their own financial health. Our Student Scholarship continues to provide access to financial education, primarily serving students of color. Approximately 51,000 students completed 275,000 financial education modules, while we also offered a virtual mentoring option to deepen their learning with U.S. Bank employee volunteers. Also, our partnership with Operation HOPE continued in 2021, enabling us to help individuals raise their credit scores and savings.

"We are dedicated to empowering our communities by listening to those with lived experience and supporting their ideas on how to address racial and economic inequities and creating lasting change."

Reba Dominski, *executive vice president, head of social responsibility at U.S. Bank*

COMMUNITY INVESTMENTS

At U.S. Bank, we proudly invest in our community. Our 2021 investments include:

$43.6B
Invested in environmentally beneficial business since 2008

$62M
In corporate contributions and U.S. Bank Foundation giving

$6.1B
In community development loans and investments to low-and moderate income communities

$1.9B
In Small Business Administration loans

$197M+
In capital to Black-owned or -led businesses and organizations

$25M
U.S. Bank Access Fund supporting small businesses owned by women and people of color

$305M
In capital available to CDFIs to create economic opportunity

$13M
In donations to nonprofits through annual Employee Giving Campaign

267,000
Employee volunteer hours, equating to $7.6 million investment*

97%
Foundation dollars supporting women, people of color and low- and moderate-income communities

275,000
Financial education modules completed by students

A-
Received a score of A- from CDP for tackling climate change

* Volunteer hours valued at $28.54 per hour by the Independent Sector.

To read more, visit: usbank.com/community

MANAGING COMMITTEE

Andrew Cecere
Chairman, President and Chief Executive Officer

Elcio R.T. Barcelos
Senior Executive Vice President and Chief Human Resources Officer

James L. Chosy
Senior Executive Vice President and General Counsel

Gregory G. Cunningham
Senior Executive Vice President and Chief Diversity Officer

Terrance R. Dolan
Vice Chair and Chief Financial Officer

Gunjan Kedia
Vice Chair, Wealth Management and Investment Services

James B. Kelligrew
Vice Chair, Corporate & Commercial Banking

Shailesh M. Kotwal
Vice Chair, Payment Services

Katherine B. Quinn
Vice Chair and Chief Administrative Officer

Jodi L. Richard
Vice Chair and Chief Risk Officer

Mark G. Runkel
Senior Executive Vice President and Chief Transformation Officer

Dominic V. Venturo
Senior Executive Vice President and Chief Digital Officer

Jeffry H. von Gillern
Vice Chair, Technology and Operations Services

Timothy A. Welsh
Vice Chair, Consumer and Business Banking

BOARD OF DIRECTORS

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Chairman, President
and Chief Executive Officer

Warner L. Baxter
Executive Chairman and
Former Chairman, President
and CEO, Ameren Corporation

Dorothy J. Bridges
Former Senior Vice President,
Federal Reserve Bank
of Minneapolis

Elizabeth L. Buse
Former Chief Executive
Officer, Monitise PLC

Kimberly N. Ellison-Taylor
Founder and CEO,
KET Solutions, LLC

Kimberly J. Harris
Retired President and
Chief Executive Officer,
Puget Energy, Inc.

Roland A. Hernandez
Founding Principal and
Chief Executive Officer,
Hernandez Media Ventures

Olivia F. Kirtley
Business Consultant
(Lead Director)

Karen S. Lynch
President and Chief
Executive Officer,
CVS Health Corporation

Richard P. McKenney
President and Chief
Executive Officer,
Unum Group

Yusuf I. Mehdi
Corporate Vice President,
Microsoft Corporation

John P. Wiehoff
Retired Chairman and
Chief Executive Officer,
C.H. Robinson Worldwide, Inc.

Scott W. Wine
Chief Executive Officer,
CNH Industrial N.V.

ABOUT US

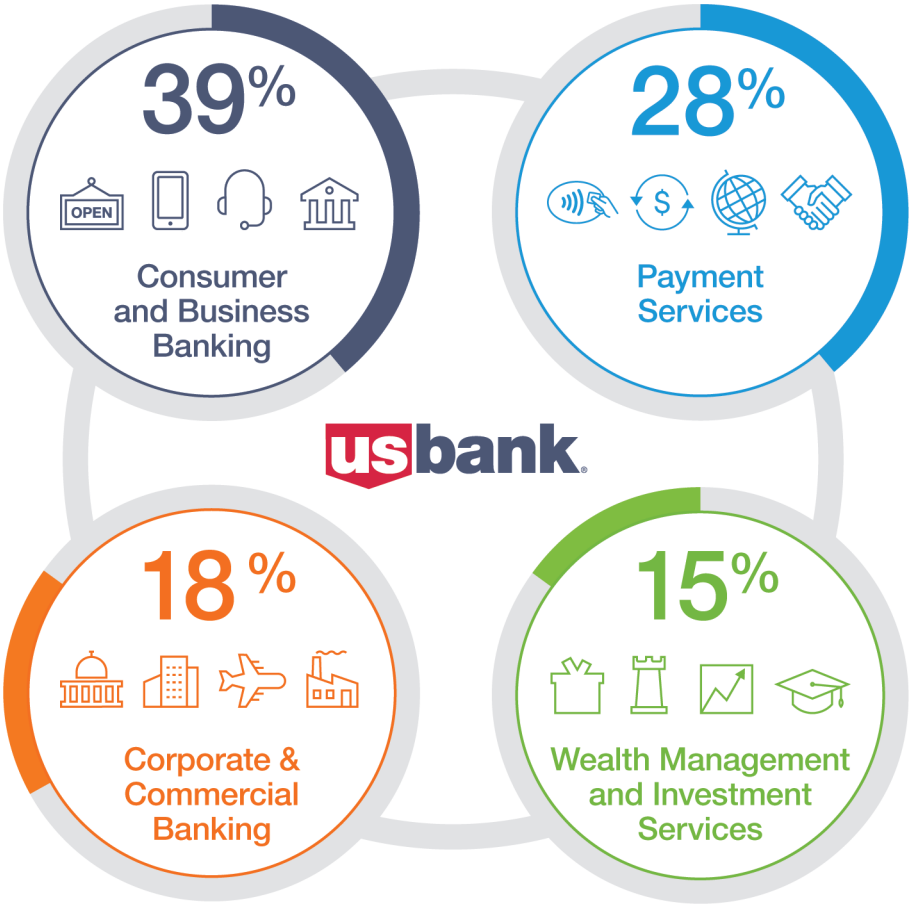
U.S. Bancorp, with nearly 70,000 employees and $573 billion in assets as of December 31, 2021, is the parent company of U.S. Bank National Association.

The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking, Payment Services, Corporate & Commercial Banking and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility and customer service, including being named one of the 2021 World's Most Ethical Companies by Ethisphere Institute, and Fortune's most admired superregional bank.

Learn more at **usbank.com/about**

Revenue mix by business line

2021 taxable-equivalent basis. Business line revenue percentages exclude Treasury and Corporate Support.



- **Consumer and Business Banking:** Branches; 24-hour customer centers; mobile banking; online banking; mortgages; consumer lending; ATM and debit processing; workplace banking; student banking
- **Payment Services:** Credit, debit, prepaid, virtual, corporate, purchasing and fleet cards; global payment processing; freight payment services; real time payments; eCommerce
- **Corporate & Commercial Banking:** Lending; asset based financing; equipment finance and small-ticket leasing; correspondent banking; depository services; capital markets; international trade
- **Wealth Management and Investment Services:** Wealth planning, investments, trust services; private banking; specialty asset management; global custody solutions; global fund services; corporate and institutional trust services

Our strategic pillars

Our strategy is how we will grow; it comes to life by activating our pillars.

- Being the Most Trusted Choice
- Driving One U.S. Bank
- Striving for Simplicity
- Creating the Future Now

The following pages discuss in detail the financial results we achieved in 2021 — results that reflect how we are creating the future now.

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

This report contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, including the following risks and uncertainties and the risks and uncertainties more fully discussed in the "Risk Factors" section of this report, which could cause actual results to differ materially from those anticipated. The COVID-19 pandemic is adversely affecting U.S. Bancorp, its customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is uncertain. Continued deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; civil unrest; the effects of climate change; changes in customer behavior and preferences; breaches in data security, including as a result of work-from-home arrangements; failures to safeguard personal information; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk. In addition, U.S. Bancorp's proposed acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized; the risk that U.S. Bancorp's business could be disrupted as a result of the announcement and pendency of the proposed acquisition and diversion of management's attention from ongoing business operations and opportunities; the possibility that the proposed acquisition, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated; delays in closing the proposed acquisition; and the failure of required governmental approvals to be obtained or any other closing conditions in the definitive purchase agreement to be satisfied.

Additional factors could cause actual results to differ from expectations, including the risks discussed in the "Corporate Risk Profile" section on pages 35 to 56 and "Risk Factors" section on pages 137 to 150 of this report. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

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Management's Discussion and Analysis

Overview

In 2021, U.S. Bancorp and its subsidiaries (the "Company") continued to demonstrate its financial strength and diversified business model. In a year where the economy continued to recover from the impacts of the COVID-19 pandemic, the Company maintained its sound credit quality and strong capital and liquidity position, while continuing to invest in digital capabilities and key business initiatives to drive growth in the future.

The Company earned $8.0 billion in 2021, an increase of $3.0 billion (60.6 percent) from 2020, reflecting a decrease in the provision for credit losses, partially offset by lower pre-provision operating income. The decrease in the provision for credit losses was driven by improvement in the global economy, as well as strong credit and collateral performance. Net interest income decreased due to lower loan spreads and declining average loan balances driven by commercial loan payoffs by business customers, partially offset by changes in deposit and funding mix and higher loan fees. Noninterest income decreased due to lower mortgage banking revenue, commercial products revenue and securities gains, partially offset by improvements in payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees. Noninterest expense was higher reflecting increases in compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense.

In 2021, the Company increased deposits significantly, while average loan balances decreased. Average loan balances in 2021 decreased $10.3 billion (3.4 percent) from 2020 primarily due to lower commercial loans driven by continued payoffs by business customers, lower commercial real estate loans as a result of customer payoffs and lower credit card loans driven by higher customer payment rates. These decreases were partially offset by higher other retail loans, driven by growth in installment loans due to strong auto and recreational vehicle lending, partially offset by lower home equity and second mortgages as more customers chose to refinance their existing first lien residential mortgage balances during the prior year due to the low interest rate environment. In addition, residential mortgages were higher due to increased loan portfolio production and slower payoffs in the mortgage portfolio. Average deposit balances in 2021 increased $35.7 billion (8.9 percent) over 2020 primarily due to higher noninterest-bearing and total savings deposit balances, partially offset by lower time deposit balances. The growth in average noninterest-bearing and total savings deposits was primarily a result of the actions taken by the federal government to increase liquidity in the financial system and government stimulus programs.

The Company's common equity tier 1 capital to risk-weighted assets ratio, using the Basel III standardized approach was 10.0 percent at December 31, 2021. Refer to Table 22 for a summary of the statutory capital ratios in effect for the Company at December 31, 2021 and 2020. Further, credit rating organizations rate the Company's debt among the highest of any bank in the world. This comparative financial strength provides the Company with favorable funding costs, strong liquidity and the ability to attract new customers.

The Company's financial strength, diversified business model and strong credit quality position it well for 2022. The Company looks to continue building momentum in each of the lines of business, as the investments made in digital transformation and payments ecosystem initiatives will continue to enable customer and revenue growth, and the Company expects continued momentum in customer spend activity and loan growth.

TABLE 1 Selected Financial Data

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2021	2020	2019
Condensed Income Statement			
Net interest income	$ 12,494	$ 12,825	$ 13,052
Taxable-equivalent adjustment[a]	106	99	103
Net interest income (taxable-equivalent basis)[b]	12,600	12,924	13,155
Noninterest income	10,227	10,401	9,831
Total net revenue	22,827	23,325	22,986
Noninterest expense	13,728	13,369	12,785
Provision for credit losses	(1,173)	3,806	1,504
Income before taxes	10,272	6,150	8,697
Income taxes and taxable-equivalent adjustment	2,287	1,165	1,751
Net income	7,985	4,985	6,946
Net (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Net income applicable to U.S. Bancorp common shareholders	$ 7,605	$ 4,621	$ 6,583
Per Common Share			
Earnings per share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per share	5.10	3.06	4.16
Dividends declared per share	1.76	1.68	1.58
Book value per share[c]	32.71	31.26	29.90
Market value per share	56.17	46.59	59.29
Average common shares outstanding	1,489	1,509	1,581
Average diluted common shares outstanding	1,490	1,510	1,583
Financial Ratios			
Return on average assets	1.43%	.93%	1.45%
Return on average common equity	16.0	10.0	14.1
Net interest margin (taxable-equivalent basis)[a]	2.49	2.68	3.06
Efficiency ratio[b]	60.4	57.8	55.8
Net charge-offs as a percent of average loans outstanding	.23	.58	.50
Average Balances			
Loans	$296,965	$307,269	$290,686
Loans held for sale	8,024	6,985	3,769
Investment securities[d]	154,702	125,954	117,150
Earning assets	506,141	481,402	430,537
Assets	556,532	531,207	475,653
Noninterest-bearing deposits	127,204	98,539	73,863
Deposits	434,281	398,615	346,812
Short-term borrowings	14,774	19,182	18,137
Long-term debt	36,682	44,040	41,572
Total U.S. Bancorp shareholders' equity	53,810	52,246	52,623
Period End Balances			
Loans	$312,028	$297,707	$296,102
Investment securities	174,821	136,840	122,613
Assets	573,284	553,905	495,426
Deposits	456,083	429,770	361,916
Long-term debt	32,125	41,297	40,167
Total U.S. Bancorp shareholders' equity	54,918	53,095	51,853
Asset Quality			
Nonperforming assets	$ 878	$ 1,298	$ 829
Allowance for credit losses	6,155	8,010	4,491
Allowance for credit losses as a percentage of period-end loans	1.97%	2.69%	1.52%
Capital Ratios			
Common equity tier 1 capital	10.0%	9.7%	9.1%
Tier 1 capital	11.6	11.3	10.7
Total risk-based capital	13.4	13.4	12.7
Leverage	8.6	8.3	8.8
Total leverage exposure	6.9	7.3	7.0
Tangible common equity to tangible assets[b]	6.8	6.9	7.5
Tangible common equity to risk-weighted assets[b]	9.2	9.5	9.3
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology[b]	9.6	9.3	

(a) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(b) See Non-GAAP Financial Measures beginning on page 60.

(c) Calculated as U.S. Bancorp common shareholders' equity divided by common shares outstanding at end of the period.

(d) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Earnings Summary The Company reported net income attributable to U.S. Bancorp of $8.0 billion in 2021, or $5.10 per diluted common share, compared with $5.0 billion, or $3.06 per diluted common share, in 2020. Return on average assets and return on average common equity were 1.43 percent and 16.0 percent, respectively, in 2021, compared with 0.93 percent and 10.0 percent, respectively, in 2020.

Total net revenue for 2021 was $498 million (2.1 percent) lower than 2020, reflecting a 2.6 percent decrease in net interest income (2.5 percent on a taxable-equivalent basis) and a 1.7 percent decrease in noninterest income. The decrease in net interest income from the prior year was due to lower loan spreads and declining average loan balances driven by commercial loan payoffs by business customers, partially offset by changes in deposit and funding mix and higher loan fees. The decrease in noninterest income was driven by lower mortgage banking revenue, commercial products revenue and securities gains, partially offset by improvements in payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees.

Noninterest expense in 2021 was $359 million (2.7 percent) higher than 2020, reflecting increases in compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense.

Results for 2020 Compared With 2019 For discussion related to changes in financial condition and results of operations for 2020 compared with 2019, refer to "Management's Discussion and Analysis" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the Securities and Exchange Commission on February 23, 2021.

Pending Acquisition In September 2021, the Company announced that it has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group ("MUFG"), for an expected purchase price of approximately $8.0 billion, including $5.5 billion in cash and approximately 44 million shares of U.S. Bancorp common stock. The transaction excludes the purchase of MUFG Union Bank's Global Corporate & Investment Bank, certain middle and back office functions, and other assets. MUFG Union Bank currently has approximately 300 branches in California, Washington and Oregon and is expected to add approximately $105 billion in total assets, $58 billion of loans and $90 billion of deposits to the Company's consolidated balance sheet. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including regulatory approvals.

Statement of Income Analysis

Net Interest Income Net interest income, on a taxable-equivalent basis, was $12.6 billion in 2021, compared with $12.9 billion in 2020. The $324 million (2.5 percent) decrease in net interest income, on a taxable-equivalent basis, in 2021 compared with 2020, was principally driven by lower loan spreads and declining average loan balances driven by commercial loan payoffs by corporate customers accessing the capital markets and government supported loan programs, partially offset by changes in deposit and funding mix and higher loan fees driven by accelerated loan forgiveness from the Small Business Administration ("SBA") Paycheck Protection Program. Average earning assets were $24.7 billion (5.1 percent) higher in 2021, compared with 2020, reflecting increases in investment securities and other earning assets primarily representing cash balances, while average loans decreased due to continued payoffs by corporate customers. The net interest margin, on a taxable-equivalent basis, in 2021 was 2.49 percent, compared with 2.68 percent in 2020. The decrease in the net interest margin in 2021, compared with 2020, was primarily due to the mix of loans, lower loan spreads and higher investment securities and cash balances, partially offset by changes in deposit and funding mix and higher loan fees. Refer to the "Interest Rate Risk Management" section for further information on the sensitivity of the Company's net interest income to changes in interest rates.

Average total loans were $297.0 billion in 2021, compared with $307.3 billion in 2020. The $10.3 billion (3.4 percent) decrease was primarily due to lower commercial loans, commercial real estate loans and credit card loans, partially offset by higher residential mortgages and other retail loans. Average commercial loans decreased $11.1 billion (9.8 percent), driven by continued payoffs by corporate customers that accessed the capital markets and government supported loan programs. Average commercial real estate loans decreased $1.8 billion (4.4 percent), the result of customer payoffs. Average credit card loans decreased $687 million (3.1 percent), driven by higher customer payment rates. Average residential mortgages increased $962 million (1.3 percent) due to increased loan portfolio production and slower payoffs in the mortgage portfolio. Average other retail loans increased $2.3 billion (4.1 percent), driven by growth in installment loans due to strong auto and recreational vehicle lending, partially offset by lower home equity and second mortgages as more customers chose to refinance their existing first lien residential mortgage balances during the prior year due to the low interest rate environment.

TABLE 2 Analysis of Net Interest Income[a]

Year Ended December 31 (Dollars in Millions)	2021	2020	2019	2021 v 2020	2020 v 2019
Components of Net Interest Income					
Income on earning assets (taxable-equivalent basis)	$ 13,593	$ 14,942	$ 17,607	$ (1,349)	$ (2,665)
Expense on interest-bearing liabilities (taxable-equivalent basis)	993	2,018	4,452	(1,025)	(2,434)
Net interest income (taxable-equivalent basis)[b]	$ 12,600	$ 12,924	$ 13,155	$ (324)	$ (231)
Net interest income, as reported	$ 12,494	$ 12,825	$ 13,052	$ (331)	$ (227)
Average Yields and Rates Paid					
Earning assets yield (taxable-equivalent basis)	2.69%	3.10%	4.09%	(.41)%	(.99)%
Rate paid on interest-bearing liabilities (taxable-equivalent basis)	.28	.56	1.34	(.28)	(.78)
Gross interest margin (taxable-equivalent basis)	2.41%	2.54%	2.75%	(.13)%	(.21)%
Net interest margin (taxable-equivalent basis)	2.49%	2.68%	3.06%	(.19)%	(.38)%
Average Balances					
Investment securities[c]	$154,702	$125,954	$117,150	$ 28,748	$ 8,804
Loans	296,965	307,269	290,686	(10,304)	16,583
Earning assets	506,141	481,402	430,537	24,739	50,865
Noninterest-bearing deposits	127,204	98,539	73,863	28,665	24,676
Interest-bearing deposits	307,077	300,076	272,949	7,001	27,127
Total deposits	434,281	398,615	346,812	35,666	51,803
Interest-bearing liabilities	358,533	363,298	332,658	(4,765)	30,640

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) See Non-GAAP Financial Measures beginning on page 60.

(c) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Average investment securities in 2021 were $28.7 billion (22.8 percent) higher than in 2020, primarily due to purchases of mortgage-backed, U.S. Treasury and state and political securities, net of prepayments and maturities.

Average total deposits for 2021 were $35.7 billion (8.9 percent) higher than 2020. Average noninterest-bearing deposits were $28.7 billion (29.1 percent) higher in 2021, compared with 2020, reflecting increases across all business lines. Average total savings deposits for 2021 were $20.4 billion (7.8 percent) higher than 2020, driven by increases in Consumer and Business Banking balances, partially offset by decreases in Corporate and Commercial Banking balances. The growth in average noninterest-bearing and total savings deposits was primarily a result of the actions by the federal government to increase liquidity in the financial system and government stimulus programs. Average time deposits for 2021 were $13.4 billion (35.3 percent) lower than 2020, driven by decreases across most business lines. Time deposits are managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

TABLE 3 Net Interest Income — Changes Due to Rate and Volume[a]

Year Ended December 31 (Dollars in Millions)	2021 v 2020 Volume	2021 v 2020 Yield/Rate	2021 v 2020 Total	2020 v 2019 Volume	2020 v 2019 Yield/Rate	2020 v 2019 Total
Increase (decrease) in						
Interest Income						
Investment securities	$ 569	$ (623)	$ (54)	$ 222	$ (684)	$ (462)
Loans held for sale	32	(16)	16	138	(84)	54
Loans						
Commercial	(311)	(197)	(508)	442	(1,479)	(1,037)
Commercial real estate	(63)	(175)	(238)	57	(519)	(462)
Residential mortgages	35	(224)	(189)	231	(209)	22
Credit card	(74)	(40)	(114)	(112)	(176)	(288)
Other retail	95	(321)	(226)	(14)	(316)	(330)
Total loans	(318)	(957)	(1,275)	604	(2,699)	(2,095)
Other earning assets	23	(59)	(36)	401	(563)	(162)
Total earning assets	306	(1,655)	(1,349)	1,365	(4,030)	(2,665)
Interest Expense						
Interest-bearing deposits						
Interest checking	15	(56)	(41)	36	(198)	(162)
Money market savings	(37)	(292)	(329)	237	(1,346)	(1,109)
Savings accounts	9	(48)	(39)	14	(79)	(65)
Time deposits	(110)	(111)	(221)	(130)	(439)	(569)
Total interest-bearing deposits	(123)	(507)	(630)	157	(2,062)	(1,905)
Short-term borrowings	(33)	(41)	(74)	21	(247)	(226)
Long-term debt	(155)	(166)	(321)	73	(376)	(303)
Total interest-bearing liabilities	(311)	(714)	(1,025)	251	(2,685)	(2,434)
Increase (decrease) in net interest income	$ 617	$ (941)	$ (324)	$1,114	$(1,345)	$ (231)

(a) This table shows the components of the change in net interest income by volume and rate on a taxable-equivalent basis based on a federal income tax rate of 21 percent. This table does not take into account the level of noninterest-bearing funding, nor does it fully reflect changes in the mix of assets and liabilities. The change in interest not solely due to changes in volume or rates has been allocated on a pro-rata basis to volume and yield/rate.

Provision for Credit Losses The provision for credit losses reflects changes in economic conditions and the size and credit quality of the entire portfolio of loans. The Company maintains an allowance for credit losses considered appropriate by management for expected losses, based on factors discussed in the "Analysis and Determination of Allowance for Credit Losses" section.

In 2021, the provision for credit losses was a benefit of $1.2 billion, compared with a provision for credit losses of $3.8 billion in 2020. The change was driven by the Company recognizing a decrease in the allowance for credit losses during 2021 as a result of improvement in the global economy, as well as strong credit and collateral performance, compared with the Company recognizing an increase in the allowance for credit losses in 2020 due to deteriorating economic conditions related to COVID-19. Net charge-offs decreased $1.1 billion (61.8 percent) in 2021, compared with 2020, reflecting improvements across all loan categories. Nonperforming assets decreased $420 million (32.4 percent) from December 31, 2020 to December 31, 2021, primarily driven by decreases in nonperforming commercial and commercial real estate loans.

Refer to "Corporate Risk Profile" for further information on the provision for credit losses, net charge-offs, nonperforming assets and other factors considered by the Company in assessing the credit quality of the loan portfolio and establishing the allowance for credit losses.

TABLE 4 Noninterest Income

Year Ended December 31 (Dollars in Millions)	2021	2020	2019	2021 v 2020	2020 v 2019
Credit and debit card revenue	$ 1,507	$ 1,338	$1,413	12.6%	(5.3)%
Corporate payment products revenue	575	497	664	15.7	(25.2)
Merchant processing services	1,449	1,261	1,601	14.9	(21.2)
Trust and investment management fees	1,832	1,736	1,673	5.5	3.8
Deposit service charges	724	677	909	6.9	(25.5)
Treasury management fees	614	568	578	8.1	(1.7)
Commercial products revenue	1,102	1,143	934	(3.6)	22.4
Mortgage banking revenue	1,361	2,064	874	(34.1)	*
Investment products fees	239	192	186	24.5	3.2
Securities gains (losses), net	103	177	73	(41.8)	*
Other	721	748	926	(3.6)	(19.2)
Total noninterest income	$10,227	$10,401	$9,831	(1.7)%	5.8%

* *Not meaningful.*

Noninterest Income Noninterest income in 2021 was $10.2 billion, compared with $10.4 billion in 2020. The $174 million (1.7 percent) decrease in 2021 from 2020 reflected lower mortgage banking revenue, commercial products revenue, other noninterest income and securities gains, partially offset by higher payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees. Mortgage banking revenue decreased 34.1 percent in 2021, compared with 2020, due to lower application volume, given declining refinancing activity, and related gain on sale margins, along with declines in mortgage servicing rights ("MSRs") valuations, net of hedging activities. Commercial products revenue decreased 3.6 percent in 2021, compared with 2020, primarily due to lower capital markets activity and trading revenue, partially offset by higher syndication revenue and fees, higher non-yield loan fees as a result of higher unused commitments, and higher foreign currency customer activity. Other noninterest income decreased 3.6 percent in 2021, compared with 2020, driven by lower equity investment income and the 2020 impact of transition services agreement revenue associated with the sale of the Company's ATM third-party servicing business, partially offset by higher retail leasing end of term residual gains and the 2020 impact of certain asset impairments as a result of branch optimization. During 2020, payment services revenue had been adversely affected by the impact of the COVID-19 pandemic on consumer and business spending, particularly related to travel and entertainment activities. However, spending has strengthened across most sectors driven by government stimulus, local jurisdictions reducing restrictions and consumer behaviors normalizing. As a result, payment services revenue increased in 2021, compared with 2020, driven by a 12.6 percent increase in credit and debit card revenue, a 15.7 percent increase in corporate payment products revenue and a 14.9 percent increase in merchant processing services revenue. Credit and debit card revenue growth related to stronger sales volume and fee activity, partially offset by investment in customer acquisition. Corporate payment products revenue increased primarily due to improving business spending, while merchant processing services revenue increased driven by higher sales volume as well as merchant fees. Trust and investment management fees increased 5.5 percent driven by business growth, favorable market conditions and activity related to the acquisition of PFM Asset Management LLC ("PFM"), partially offset by higher fee waivers. Deposit service charges increased 6.9 percent primarily due to stronger customer activity. Treasury management fees increased 8.1 percent due to core growth driven by the COVID-19 economic recovery. Investment products fees increased 24.5 percent primarily driven by favorable market conditions and growth.

TABLE 5 Noninterest Expense

Year Ended December 31 (Dollars in Millions)	2021	2020	2019	2021 v 2020	2020 v 2019
Compensation	$ 7,299	$ 6,635	$ 6,325	10.0%	4.9%
Employee benefits	1,429	1,303	1,286	9.7	1.3
Net occupancy and equipment	1,048	1,092	1,123	(4.0)	(2.8)
Professional services	492	430	454	14.4	(5.3)
Marketing and business development	366	318	426	15.1	(25.4)
Technology and communications	1,454	1,294	1,095	12.4	18.2
Postage, printing and supplies	274	288	290	(4.9)	(.7)
Other intangibles	159	176	168	(9.7)	4.8
Other	1,207	1,833	1,618	(34.2)	13.3
Total noninterest expense	$13,728	$13,369	$12,785	2.7%	4.6%
Efficiency ratio[(a)]	60.4%	57.8%	55.8%		

(a) See Non-GAAP Financial Measures beginning on page 60.

Noninterest Expense Noninterest expense in 2021 was $13.7 billion, compared with $13.4 billion in 2020. The Company's efficiency ratio was 60.4 percent in 2021, compared with 57.8 percent in 2020. The $359 million (2.7 percent) increase in noninterest expense in 2021 over 2020 was driven by higher compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense. Compensation expense increased 10.0 percent in 2021 over 2020, due to higher performance-based incentives, revenue related commissions, merit increases and hiring to support business growth. Employee benefits expense increased 9.7 percent driven by higher medical claims expense, compensation related payroll taxes and pension expense. Technology and communications expense increased 12.4 percent primarily due to expenditures supporting business investments. Professional services expense increased 14.4 percent primarily due to an increase in business investment and related initiatives in 2021. Marketing and business development expense increased 15.1 percent due to the timing of marketing campaigns supporting business development and lower marketing activities in 2020 during the pandemic. Net occupancy and equipment expense decreased 4.0 percent primarily due to branch closures. Other noninterest expense decreased 34.2 percent, primarily due to higher COVID-19 related expenses in 2020 including recognizing liabilities related to future delivery exposures for merchant and airline processing, as well as lower amortization related to tax-advantaged projects which were scaled back in 2020 during the pandemic.

Pension Plans Because of the long-term nature of pension plans, the related accounting is complex and can be impacted by several factors, including investment funding policies, accounting methods and actuarial assumptions.

The Company's pension accounting reflects the long-term nature of the benefit obligations and the investment horizon of plan assets. Amounts recorded in the financial statements reflect actuarial assumptions about participant benefits and plan asset returns. Changes in actuarial assumptions and differences in actual plan experience, compared with actuarial assumptions, are deferred and recognized in expense in future periods.

Pension expense is expected to decrease by approximately $20 million to $181 million in 2022, primarily related to the return on higher plan assets and a higher discount rate, partially offset by demographic experience. Because of the complexity of forecasting pension plan activities, the accounting methods utilized for pension plans, the Company's ability to respond to factors affecting the plans and the hypothetical nature of actuarial assumptions, the actual pension expense may differ from the expected amount.

Refer to Note 17 of the Notes to the Consolidated Financial Statements for further information on the Company's pension plan funding practices, investment policies and asset allocation strategies, and accounting policies for pension plans.

The following table shows the effect of hypothetical changes in the discount rate and long-term rate of return ("LTROR") on the Company's expected 2022 pension expense:

Discount Rate (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (108)	$ 96
Percent of 2021 net income	(1.01)%	.90%

LTROR (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (73)	$ 73
Percent of 2021 net income	(.68)%	.68%

Income Tax Expense The provision for income taxes was $2.2 billion (an effective rate of 21.5 percent) in 2021, compared with $1.1 billion (an effective rate of 17.6 percent) in 2020. The higher tax rate for 2021 was due to the marginal impact of providing taxes on higher pretax earnings in 2021.

For further information on income taxes, refer to Note 19 of the Notes to Consolidated Financial Statements.

Balance Sheet Analysis

Average earning assets were $506.1 billion in 2021, compared with $481.4 billion in 2020. The increase in average earning assets of $24.7 billion (5.1 percent) was primarily due to increases in investment securities of $28.7 billion (22.8 percent) and other earning assets of $5.3 billion (12.8 percent), primarily representing higher cash balances, partially offset by a decrease in loans of $10.3 billion (3.4 percent).

For average balance information, refer to Consolidated Daily Average Balance Sheet and Related Yields and Rates on pages 134 and 135.

Loans The Company's loan portfolio was $312.0 billion at December 31, 2021, compared with $297.7 billion at December 31, 2020, an increase of $14.3 billion (4.8 percent). The increase was driven by increases in commercial loans of $9.2 billion (8.9 percent), other retail loans of $4.9 billion (8.7%), residential mortgages of $338 million (0.4 percent) and credit card loans of $154 million (0.7 percent), partially offset by a decrease in commercial real estate loans of $258 million (0.7 percent). Table 6 provides a summary of the loan distribution by product type, while Table 7 provides a summary of the selected loan maturity distribution by loan category. Average total loans decreased $10.3 billion (3.4 percent) in 2021, compared with 2020. The decrease was due to lower commercial loans, commercial real estate loans and credit card loans, partially offset by increases in other retail loans and residential mortgages.

TABLE 6 Loan Portfolio Distribution

At December 31 (Dollars in Millions)	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total
Commercial				
Commercial	$106,912	34.3%	$ 97,315	32.7%
Lease financing	5,111	1.6	5,556	1.9
Total commercial	112,023	35.9	102,871	34.6
Commercial Real Estate				
Commercial mortgages	28,757	9.2	28,472	9.6
Construction and development	10,296	3.3	10,839	3.6
Total commercial real estate	39,053	12.5	39,311	13.2
Residential Mortgages				
Residential mortgages	67,546	21.6	66,525	22.4
Home equity loans, first liens	8,947	2.9	9,630	3.2
Total residential mortgages	76,493	24.5	76,155	25.6
Credit Card	22,500	7.2	22,346	7.5
Other Retail				
Retail leasing	7,256	2.3	8,150	2.7
Home equity and second mortgages	10,446	3.4	12,472	4.2
Revolving credit	2,750	.9	2,688	.9
Installment	16,514	5.3	13,823	4.6
Automobile	24,866	8.0	19,722	6.6
Student	127	—	169	.1
Total other retail	61,959	19.9	57,024	19.1
Total loans	$312,028	100.0%	$297,707	100.0%

TABLE 7 Selected Loan Maturity Distribution

At December 31, 2021 (Dollars in Millions)	One Year or Less	Over One Through Five Years	Over Five Through Fifteen Years	Over Fifteen Years	Total
Commercial	$27,220	$ 78,342	$ 6,295	$ 166	$112,023
Commercial real estate	8,334	22,462	4,527	3,730[a]	39,053
Residential mortgages	337	877	7,604	67,675	76,493
Credit card	22,500	—	—	—	22,500
Other retail	2,742	20,934	23,893	14,390	61,959
Total loans	$61,133	$122,615	$42,319	$ 85,961	$312,028

Total of loans due after one year with:

	Predetermined Interest Rates	Floating Interest Rates
Commercial	$ 16,816	$ 67,987
Commercial real estate	10,476	20,243
Residential mortgages	53,517	22,639
Credit card	—	—
Other retail	47,261	11,956
Total	$128,070	$122,825

(a) Primarily represents construction loans for single-family residences or loans guaranteed by the SBA.

TABLE 8 Commercial Loans by Industry Group and Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
Industry Group				
Real-estate related	$ 16,646	14.9%	$ 14,032	13.6%
Financial institutions	14,002	12.5	11,208	10.9
Automotive	7,590	6.8	4,395	4.3
Personal, professional and commercial services	7,095	6.3	7,597	7.4
Healthcare	6,923	6.2	7,815	7.6
Technology	5,119	4.6	3,937	3.8
Retail	4,717	4.2	5,277	5.1
Media and entertainment	4,623	4.1	5,737	5.6
Capital goods	4,099	3.6	2,911	2.8
Food and beverage	4,097	3.6	3,869	3.8
Transportation	3,895	3.5	3,441	3.3
Education and non-profit	3,721	3.3	4,698	4.6
Metals and mining	3,342	3.0	2,892	2.8
State and municipal government	3,166	2.8	3,157	3.1
Power	3,028	2.7	2,150	2.1
Building materials	2,687	2.4	2,813	2.7
Energy	2,299	2.1	2,624	2.6
Agriculture	1,796	1.6	1,950	1.9
Other	13,178	11.8	12,368	12.0
Total	$112,023	100.0%	$102,871	100.0%
Geography				
California	$ 15,439	13.8%	$ 14,053	13.7%
New York	7,483	6.7	6,129	6.0
Texas	6,748	6.0	6,163	6.0
Minnesota	6,730	6.0	7,251	7.0
Illinois	6,572	5.9	5,795	5.6
Ohio	4,310	3.8	4,394	4.3
Wisconsin	3,894	3.5	3,996	3.9
New Jersey	3,825	3.4	2,148	2.1
Virginia	3,822	3.4	2,098	2.0
Missouri	3,817	3.4	4,085	4.0
All other states	49,383	44.1	46,759	45.4
Total	$112,023	100.0%	$102,871	100.0%

Commercial Commercial loans, including lease financing, increased $9.2 billion (8.9 percent) at December 31, 2021, compared with December 31, 2020, driven by strong new business and higher utilization. Average commercial loans decreased $11.1 billion (9.8 percent) in 2021, compared with 2020. Table 8 provides a summary of commercial loans by industry and geographical location.

TABLE 9 Commercial Real Estate Loans by Property Type and Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
Property Type				
Multi-family	$ 9,293	23.8%	$ 8,672	22.1%
Business owner occupied	8,238	21.1	8,622	21.9
Office	5,814	14.9	6,081	15.5
Industrial	3,672	9.4	2,941	7.5
Retail	3,382	8.7	3,645	9.3
Residential land and development	2,788	7.1	2,724	6.9
Lodging	2,422	6.2	2,814	7.1
Other	3,444	8.8	3,812	9.7
Total	$39,053	100.0%	$39,311	100.0%
Geography				
California	$ 9,683	24.8%	$ 9,653	24.6%
Washington	3,680	9.4	3,427	8.7
Minnesota	1,717	4.4	1,869	4.7
Colorado	1,684	4.3	1,680	4.3
Texas	1,662	4.3	1,600	4.1
Oregon	1,526	3.9	1,738	4.4
Florida	1,520	3.9	1,265	3.2
Illinois	1,409	3.6	1,487	3.8
Wisconsin	1,391	3.6	1,585	4.0
Ohio	1,215	3.1	1,213	3.1
All other states	13,566	34.7	13,794	35.1
Total	$39,053	100.0%	$39,311	100.0%

Commercial Real Estate The Company's portfolio of commercial real estate loans, which includes commercial mortgages and construction and development loans, decreased $258 million (0.7 percent) at December 31, 2021, compared with December 31, 2020. The decrease was primarily the result of customers paying down balances. Average commercial real estate loans decreased $1.8 billion (4.4 percent) in 2021, compared with 2020. Table 9 provides a summary of commercial real estate loans by property type and geographical location.

At December 31, 2021 and 2020, $72 million and $80 million, respectively, of tax-exempt industrial development loans were secured by real estate. The Company's commercial mortgage and construction and development loans had unfunded commitments of $11.8 billion and $11.3 billion at December 31, 2021 and 2020, respectively.

The Company also finances the operations of real estate developers and other entities with operations related to real estate. These loans are not secured directly by real estate but have similar characteristics to commercial real estate loans. These loans were included in the commercial loan category and totaled $16.6 billion and $14.0 billion at December 31, 2021 and 2020, respectively.

TABLE 10 Residential Mortgages by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$23,568	30.8%	$22,994	30.2%
Washington	4,002	5.2	3,943	5.2
Minnesota	3,767	4.9	4,378	5.7
Colorado	3,612	4.7	3,777	5.0
Illinois	3,392	4.4	3,786	5.0
Florida	3,340	4.4	3,112	4.1
Arizona	2,684	3.5	2,865	3.8
Oregon	2,332	3.1	2,399	3.1
Texas	2,209	2.9	2,244	2.9
Ohio	2,072	2.7	2,241	2.9
All other states	25,515	33.4	24,416	32.1
Total	$76,493	100.0%	$76,155	100.0%

Residential Mortgages Residential mortgages held in the loan portfolio at December 31, 2021, increased $338 million (0.4 percent) compared to December 31, 2020, due to increased loan portfolio production and slower payoffs. Average residential mortgages increased $962 million (1.3 percent) in 2021, compared with 2020. Residential mortgages originated and placed in the Company's loan portfolio include well-secured jumbo mortgages and branch-originated first lien home equity loans to borrowers with high credit quality.

Credit Card Total credit card loans increased $154 million (0.7 percent) at December 31, 2021, compared with December 31, 2020, reflecting increased consumer spending. Average credit card balances decreased $687 million (3.1 percent) in 2021, compared with 2020.

Other Retail Total other retail loans, which include retail leasing, home equity and second mortgages and other retail loans, increased $4.9 billion (8.7 percent) at December 31, 2021, compared with December 31, 2020, reflecting increases in auto loans and installment loans, partially offset by decreases in home equity loans and retail leasing balances. Average other retail loans increased $2.3 billion (4.1 percent) in 2021, compared with 2020. Tables 10, 11 and 12 provide a geographic summary of residential mortgages, credit card loans and other retail loans outstanding, respectively, as of December 31, 2021 and 2020.

TABLE 11 Credit Card Loans by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$ 2,134	9.5%	$ 2,175	9.7%
Texas	1,343	6.0	1,300	5.8
Ohio	1,113	4.9	1,153	5.2
Minnesota	1,109	4.9	1,126	5.0
Illinois	1,108	4.9	1,095	4.9
Florida	1,046	4.6	974	4.4
Wisconsin	895	4.0	926	4.1
Michigan	822	3.7	848	3.8
Colorado	761	3.4	773	3.5
Washington	757	3.4	789	3.5
All other states	11,412	50.7	11,187	50.1
Total	$22,500	100.0%	$22,346	100.0%

TABLE 12 Other Retail Loans by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$ 9,605	15.5%	$ 9,179	16.1%
Texas	7,570	12.2	6,381	11.2
Florida	3,850	6.2	3,135	5.5
Minnesota	2,947	4.8	3,009	5.3
Illinois	2,692	4.3	2,571	4.5
Ohio	2,634	4.2	2,579	4.5
New York	2,014	3.3	1,766	3.1
Washington	1,913	3.1	1,809	3.2
Colorado	1,859	3.0	1,886	3.3
Missouri	1,683	2.7	1,687	2.9
All other states	25,192	40.7	23,022	40.4
Total	$61,959	100.0%	$57,024	100.0%

The Company generally retains portfolio loans through maturity; however, the Company's intent may change over time based upon various factors such as ongoing asset/liability management activities, assessment of product profitability, credit risk, liquidity needs, and capital implications. If the Company's intent or ability to hold an existing portfolio loan changes, it is transferred to loans held for sale.

Loans Held for Sale Loans held for sale, consisting primarily of residential mortgages to be sold in the secondary market, were $7.8 billion at December 31, 2021, compared with $8.8 billion at December 31, 2020. The decrease in loans held for sale was principally due to a lower level of mortgage loan closings in late 2021, compared with the same period of 2020. Almost all of the residential mortgage loans the Company originates or purchases for sale follow guidelines that allow the loans to be sold into existing, highly liquid secondary markets; in particular in government agency transactions and to government sponsored enterprises ("GSEs").

TABLE 13 Investment Securities

At December 31 (Dollars in Millions)	2021 Amortized Cost	2021 Fair Value	2021 Weighted-Average Maturity in Years	2021 Weighted-Average Yield[d]	2020 Amortized Cost	2020 Fair Value	2020 Weighted-Average Maturity in Years	2020 Weighted-Average Yield[d]
Held-to-maturity								
Mortgage-backed securities[a]	$ 41,858	$ 41,812	7.4	1.45%	$ —	$ —	—	—%
Total held-to-maturity	$ 41,858	$ 41,812	7.4	1.45%	$ —	$ —	—	—%
Available-for-sale								
U.S. Treasury and agencies	$ 36,648	$ 36,609	6.7	1.54%	$ 21,954	$ 22,391	3.8	1.37%
Mortgage-backed securities[a]	85,394	85,564	4.9	1.58	103,282	105,374	3.0	1.47
Asset-backed securities[a]	62	66	5.2	1.53	200	205	6.2	1.47
Obligations of state and political subdivisions[b][c]	10,130	10,717	6.6	3.67	8,166	8,861	6.3	3.99
Other	7	7	3.4	2.07	9	9	.1	1.81
Total available-for-sale	$132,241	$132,963	5.5	1.73%	$133,611	$136,840	3.4	1.61%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.

(b) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.

(c) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.

(d) Yields on investment securities are computed based on amortized cost balances. Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent.

Investment Securities The Company uses its investment securities portfolio to manage interest rate risk, provide liquidity (including the ability to meet regulatory requirements), generate interest and dividend income, and as collateral for public deposits and wholesale funding sources. While the Company intends to hold its investment securities indefinitely, it may sell available-for-sale investment securities in response to structural changes in the balance sheet and related interest rate risk and to meet liquidity requirements, among other factors.

Investment securities totaled $174.8 billion at December 31, 2021, compared with $136.8 billion at December 31, 2020. The $38.0 billion (27.8 percent) increase reflected $41.9 billion of net investment purchases, partially offset by a $3.8 billion unfavorable change in net unrealized gains (losses) on available-for-sale investment securities. During the fourth quarter of 2021, the Company transferred $43.1 billion amortized cost ($41.8 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities. The Company had no outstanding investment securities classified as held-to-maturity at December 31, 2020.

Average investment securities were $154.7 billion in 2021, compared with $126.0 billion in 2020. The weighted-average yield of the available-for-sale investment securities portfolio was 1.73 percent at December 31, 2021, compared with 1.61 percent at December 31, 2020. The weighted-average maturity of the available-for-sale investment securities portfolio was 5.5 years at December 31, 2021, compared with 3.4 years at December 31, 2020. The weighted-average yield of the held-to-maturity investment securities portfolio was 1.45 percent at December 31, 2021. The weighted-average maturity of the held-to-maturity investment securities portfolio was 7.4 years at December 31, 2021. Investment securities by type are shown in Table 13.

The Company's available-for-sale investment securities are carried at fair value with changes in fair value reflected in other comprehensive income (loss) unless a portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. At December 31, 2021, the Company's net unrealized gains on available-for-sale investment securities were $722 million, compared with $3.2 billion at December 31, 2020. The unfavorable change in net unrealized gains was primarily due to decreases in the fair value of mortgage-backed and U.S. Treasury securities as a result of changes in interest rates, partially offset by the impact of the transfer of available-for-sale investment securities to the held-to-maturity category. Gross unrealized losses on available-for-sale investment securities totaled $812 million at December 31, 2021, compared with $53 million at December 31, 2020. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of the underlying collateral, the existence of any government or agency guarantees, and market conditions. At December 31, 2021, the Company had no plans to sell securities with unrealized losses, and believes it is more likely than not that it would not be required to sell such securities before recovery of their amortized cost.

Refer to Notes 5 and 22 in the Notes to Consolidated Financial Statements for further information on investment securities.

Deposits Total deposits were $456.1 billion at December 31, 2021, compared with $429.8 billion at December 31, 2020. The $26.3 billion (6.1 percent) increase in total deposits reflected increases in noninterest-bearing and total savings deposits, partially offset by a decrease in time deposits. Average total deposits in 2021 increased $35.7 billion (8.9 percent) over 2020.

Noninterest-bearing deposits at December 31, 2021, increased $16.8 billion (14.2 percent) from December 31, 2020. The increase was driven by higher Wealth Management and Investment Services, and Corporate and Commercial Banking balances. Average noninterest-bearing deposits increased $28.7 billion (29.1 percent) in 2021, compared with 2020.

Interest-bearing savings deposits increased $17.5 billion (6.2 percent) at December 31, 2021, compared with December 31, 2020. The increase was related to higher interest checking and savings account deposit balances, partially offset by lower money market deposit balances. Interest checking balances increased $19.2 billion (20.0 percent) primarily due to higher Consumer and Business Banking, and Corporate and Commercial Banking balances. Savings account balances increased $8.8 billion (15.3 percent), driven by higher Consumer and Business Banking balances. Money market deposit balances decreased $10.4 billion (8.2 percent), primarily due to lower Wealth Management and Investment Services balances, partially offset by higher Corporate and Commercial Banking balances. Average interest-bearing savings deposits increased $20.4 billion (7.8 percent) in 2021, compared with 2020, reflecting higher Consumer and Business Banking balances, partially offset by lower Corporate and Commercial Banking balances.

Interest-bearing time deposits at December 31, 2021, decreased $8.0 billion (26.2 percent), compared with December 31, 2020. Average time deposits decreased $13.4 billion (35.3 percent) in 2021, compared with 2020. The decreases were primarily driven by lower Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services balances. Changes in time deposits are primarily related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

TABLE 14 Deposits

The composition of deposits was as follows:

At December 31 (Dollars in Millions)	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total
Noninterest-bearing deposits	$134,901	29.6%	$118,089	27.5%
Interest-bearing deposits				
Interest checking	115,108	25.2	95,894	22.3
Money market savings	117,619	25.8	128,058	29.8
Savings accounts	65,790	14.4	57,035	13.3
Total savings deposits	298,517	65.4	280,987	65.4
Domestic time deposits less than $250,000	11,303	2.5	14,187	3.3
Domestic time deposits greater than $250,000	2,743	.6	4,413	1.0
Foreign time deposits	8,619	1.9	12,094	2.8
Total interest-bearing deposits	321,182	70.4	311,681	72.5
Total deposits[a]	$456,083	100.0%	$429,770	100.0%

(a) Includes $238.0 billion and $239.0 billion of deposits at December 31, 2021 and 2020, respectively, that are not subject to any federal, state or foreign deposit insurance program.

The maturity of domestic time deposits in excess of the insurance limit and those time deposits not subject to any federal, state or foreign deposit insurance program at December 31, 2021 was as follows:

(Dollars in Millions)	Domestic Time Deposits Greater Than $250,000	Foreign Time Deposits	Total
Three months or less	$1,107	$8,619	$ 9,726
Three months through six months	365	—	365
Six months through one year	742	—	742
Thereafter	529	—	529
Total	$2,743	$8,619	$11,362

Borrowings The Company utilizes both short-term and long-term borrowings as part of its asset/liability management and funding strategies. Short-term borrowings, which include federal funds purchased, commercial paper, repurchase agreements, borrowings secured by high-grade assets and other short-term borrowings, were $11.8 billion at December 31, 2021 and 2020. The $30 million (0.3 percent) increase in short-term borrowings at December 31, 2021, compared with December 31, 2020, reflected higher repurchase agreement and commercial paper balances, mostly offset by lower federal funds purchased balances.

Long-term debt was $32.1 billion at December 31, 2021, compared with $41.3 billion at December 31, 2020. The $9.2 billion (22.2 percent) decrease was primarily due to $7.0 billion of bank note repayments and maturities, $3.0 billion of medium-term note repayments and a $1.0 billion decrease in Federal Home Loan Bank ("FHLB") advances, partially offset by $1.0 billion of bank note and $1.3 billion of subordinated note issuances.

Refer to Notes 13 and 14 of the Notes to Consolidated Financial Statements for additional information regarding short-term borrowings and long-term debt, and the "Liquidity Risk Management" section for discussion of liquidity management of the Company.

Corporate Risk Profile

Overview Managing risks is an essential part of successfully operating a financial services company. The Company's Board of Directors has approved a risk management framework which establishes governance and risk management requirements for all risk-taking activities. This framework includes Company and business line risk appetite statements which set boundaries for the types and amount of risk that may be undertaken in pursuing business objectives and initiatives. The Board of Directors, primarily through its Risk Management Committee, oversees performance relative to the risk management framework, risk appetite statements, and other policy requirements.

The Executive Risk Committee ("ERC"), which is chaired by the Chief Risk Officer and includes the Chief Executive Officer and other members of the executive management team, oversees execution against the risk management framework and risk appetite statements. The ERC focuses on current and emerging risks, including strategic and reputation risks, by directing timely and comprehensive actions. Senior operating committees have also been established, each responsible for overseeing a specified category of risk.

The Company's most prominent risk exposures are credit, interest rate, market, liquidity, operational, compliance, strategic, and reputation. Leveraging the Company's risk management framework, the specific impacts of COVID-19 and related risks

are identified for each of the most prominent exposures. With respect to direct impacts from COVID-19, oversight and governance is managed through a centralized command center with frequent reporting to the Managing Committee and ERC. The Board of Directors also oversees the Company's responsiveness to the COVID-19 pandemic.

Credit risk is the risk of loss associated with a change in the credit profile or the failure of a borrower or counterparty to meet its contractual obligations. Interest rate risk is the current or prospective risk to earnings and capital, or market valuations, arising from the impact of changes in interest rates. Market risk arises from fluctuations in interest rates, foreign exchange rates, and security prices that may result in changes in the values of financial instruments, such as trading and available-for-sale securities, mortgage loans held for sale ("MLHFS"), MSRs and derivatives that are accounted for on a fair value basis. Liquidity risk is the risk that financial condition or overall safety and soundness is adversely affected by the Company's inability, or perceived inability, to meet its cash flow obligations in a timely and complete manner in either normal or stressed conditions. Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, people (including human errors or misconduct), or adverse external events, including the risk of loss resulting from breaches in data security. Operational risk can also include the risk of loss due to failures by third parties with which the Company does business. Compliance risk is the risk that the Company may suffer legal or regulatory sanctions, financial losses, and reputational damage if it fails to adhere to compliance requirements and the Company's compliance policies. Strategic risk is the risk to current or projected financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and operating environment. Reputation risk is the risk to current or anticipated earnings, capital, or franchise or enterprise value arising from negative public opinion. This risk may impair the Company's competitiveness by affecting its ability to establish new relationships or services, or continue serving existing relationships. In addition to the risks identified above, other risk factors exist that may impact the Company. Refer to "Risk Factors" beginning on page 137, for a detailed discussion of these factors.

The Company's Board and management-level governance committees are supported by a "three lines of defense" model for establishing effective checks and balances. The first line of defense, the business lines, manages risks in conformity with established limits and policy requirements. In turn, business line leaders and their risk officers establish programs to ensure conformity with these limits and policy requirements. The second line of defense, which includes the Chief Risk Officer's organization as well as policy and oversight activities of corporate support functions, translates risk appetite and strategy into actionable risk limits and policies. The second line of defense monitors first line of defense conformity with limits and policies, and provides reporting and escalation of emerging risks and other concerns to senior management and the Risk Management Committee of the Board of Directors. The third line of defense, internal audit, is responsible for providing the Audit Committee of the Board of Directors and senior management with independent assessment and assurance regarding the effectiveness of the Company's governance, risk management and control processes.

Management regularly provides reports to the Risk Management Committee of the Board of Directors. The Risk Management Committee discusses with management the Company's risk management performance, and provides a summary of key risks to the entire Board of Directors, covering the status of existing matters, areas of potential future concern and specific information on certain types of loss events. The Risk Management Committee considers quarterly reports by management assessing the Company's performance relative to the risk appetite statements and the associated risk limits, including:

- Macroeconomic environment and other qualitative considerations, such as regulatory and compliance changes, litigation developments, and technology and cybersecurity;
- Credit measures, including adversely rated and nonperforming loans, leveraged transactions, credit concentrations and lending limits;
- Interest rate and market risk, including market value and net income simulation, and trading-related Value at Risk ("VaR");
- Liquidity risk, including funding projections under various stressed scenarios;
- Operational and compliance risk, including losses stemming from events such as fraud, processing errors, control breaches, breaches in data security or adverse business decisions, as well as reporting on technology performance, and various legal and regulatory compliance measures;
- Capital ratios and projections, including regulatory measures and stressed scenarios; and
- Strategic and reputation risk considerations, impacts and responses.

Credit Risk Management The Company's strategy for credit risk management includes well-defined, centralized credit policies, uniform underwriting criteria, and ongoing risk monitoring and review processes for all commercial and consumer credit exposures. The strategy also emphasizes diversification on a geographic, industry and customer level, regular credit examinations and management reviews of loans exhibiting deterioration of credit quality. The Risk Management Committee oversees the Company's credit risk management process.

In addition, credit quality ratings as defined by the Company, are an important part of the Company's overall credit risk management and evaluation of its allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Loans with a special mention or classified rating, including consumer lending and small business loans that are 90 days or more past due and still accruing, nonaccrual

loans, those loans considered troubled debt restructurings ("TDRs"), and loans in a junior lien position that are current but are behind a first lien position on nonaccrual, encompass all loans held by the Company that it considers to have a potential or well-defined weakness that may put full collection of contractual cash flows at risk. The Company's internal credit quality ratings for consumer loans are primarily based on delinquency and nonperforming status, except for a limited population of larger loans within those portfolios that are individually evaluated. For this limited population, the determination of the internal credit quality rating may also consider collateral value and customer cash flows. Refer to Notes 1 and 6 in the Notes to Consolidated Financial Statements for further discussion of the Company's loan portfolios including internal credit quality ratings.

The Company categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending.

The commercial lending segment includes loans and leases made to small business, middle market, large corporate, commercial real estate, financial institution, non-profit and public sector customers. Key risk characteristics relevant to commercial lending segment loans include the industry and geography of the borrower's business, purpose of the loan, repayment source, borrower's debt capacity and financial flexibility, loan covenants, and nature of pledged collateral, if any, as well as macroeconomic factors such as unemployment rates, gross domestic product levels, corporate bond spreads and long-term interest rates, all of which have been impacted by the COVID-19 pandemic. These risk characteristics, among others, are considered in determining estimates about the likelihood of default by the borrowers and the severity of loss in the event of default. The Company considers these risk characteristics in assigning internal risk ratings to, or forecasting losses on, these loans, which are the significant factors in determining the allowance for credit losses for loans in the commercial lending segment.

The consumer lending segment represents loans and leases made to consumer customers, including residential mortgages, credit card loans, and other retail loans such as revolving consumer lines, auto loans and leases, home equity loans and lines, and student loans, a run-off portfolio. Home equity or second mortgage loans are junior lien closed-end accounts fully disbursed at origination. These loans typically are fixed rate loans, secured by residential real estate, with a 10- or 15-year fixed payment amortization schedule. Home equity lines are revolving accounts giving the borrower the ability to draw and repay balances repeatedly, up to a maximum commitment, and are secured by residential real estate. These include accounts in either a first or junior lien position. Typical terms on home equity lines in the portfolio are variable rates benchmarked to the prime rate, with a 10- or 15-year draw period during which a minimum payment is equivalent to the monthly interest, followed by a 20- or 10-year amortization period, respectively. At December 31, 2021, substantially all of the Company's home equity lines were in the draw period. Approximately $1.2 billion, or 13 percent, of the outstanding home equity line balances at December 31, 2021, will enter the amortization period within the next 36 months. Key risk characteristics relevant to consumer lending segment loans primarily relate to the borrowers' capacity and willingness to repay and include unemployment rates, consumer bankruptcy filings and other macroeconomic factors, customer payment history and credit scores, and in some cases, updated loan-to-value ("LTV") information reflecting current market conditions on real estate-based loans. These and other risk characteristics, including risk resulting from the COVID-19 pandemic, are reflected in forecasts of delinquency levels, bankruptcies and losses which are the primary factors in determining the allowance for credit losses for the consumer lending segment.

The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans.

Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments. The Company also engages in non-lending activities that may give rise to credit risk, including derivative transactions for balance sheet hedging purposes, foreign exchange transactions, deposit overdrafts and interest rate contracts for customers, investments in securities and other financial assets, and settlement risk, including Automated Clearing House transactions and the processing of credit card transactions for merchants. These activities are subject to credit review, analysis and approval processes.

Economic and Other Factors In evaluating its credit risk, the Company considers changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry or customer-specific concentrations), collateral values, trends in loan performance and macroeconomic factors, such as changes in unemployment rates, gross domestic product levels and consumer bankruptcy filings, as well as the potential impact on customers and the domestic economy resulting from the COVID-19 pandemic.

During the first half of 2020, the COVID-19 pandemic and the mitigation efforts put in place by companies, consumers and governmental authorities to contain it, created the most severe negative impact to the domestic economy since the Great Depression. During 2021, factors affecting economic conditions, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States, have contributed to economic improvement. As a result, economic projections for both the gross domestic product and unemployment levels improved from the prior year. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants.

Credit Diversification The Company manages its credit risk, in part, through diversification of its loan portfolio which is achieved through limit setting by product type criteria, such as industry, and identification of credit concentrations. As part of its normal business activities, the Company offers a broad array of traditional commercial lending products and specialized products such as asset-based lending, commercial lease financing, agricultural credit, warehouse mortgage lending, small business lending, commercial real estate lending, health care lending and correspondent banking financing. The Company also offers an array of consumer lending products, including residential mortgages, credit card loans, auto loans, retail leases, home equity loans and lines, revolving credit arrangements and other consumer loans. These consumer lending products are primarily offered through the branch office network, home mortgage and loan production offices, mobile and on-line banking, and indirect distribution channels, such as auto and recreational vehicle dealers. The Company monitors and manages the portfolio diversification by industry, customer and geography. Table 6 provides information with respect to the overall product diversification and changes in the mix during 2021.

The commercial loan class is diversified among various industries with higher concentrations in real estate and financial institutions. Additionally, the commercial loan class is diversified across the Company's geographical markets, with a higher concentration in California. Table 8 provides a summary of significant industry groups and geographical locations of commercial loans outstanding at December 31, 2021 and 2020.

The commercial real estate loan class reflects the Company's focus on serving business owners within states encompassing its branch office network, as well as regional and national investment-based real estate owners and builders. Within the commercial real estate loan class, different property types have varying degrees of credit risk. Table 9 provides a summary of the significant property types and geographical locations of commercial real estate loans outstanding at December 31, 2021 and 2020. At December 31, 2021, approximately 21.1 percent of the commercial real estate loans represented business owner-occupied properties that tend to exhibit less credit risk than non owner-occupied properties. The investment-based real estate mortgages are diversified among various property types with somewhat higher concentrations in multi-family, office, industrial and retail properties. From a geographical perspective, the Company's commercial real estate loan class is generally well diversified, with a higher concentration in California.

The Company's consumer lending segment utilizes several distinct business processes and channels to originate consumer credit, including traditional branch lending, mobile and on-line banking, indirect lending, alliance partnerships and correspondent banks. Each distinct underwriting and origination activity manages unique credit risk characteristics and prices its loan production commensurate with the differing risk profiles.

Residential mortgage originations are generally limited to prime borrowers and are performed through the Company's branches, loan production offices, mobile and on-line services, and a wholesale network of originators. The Company may retain residential mortgage loans it originates on its balance sheet or sell the loans into the secondary market while retaining the servicing rights and customer relationships. Utilizing the secondary markets enables the Company to effectively reduce its credit and other asset/liability risks. For residential mortgages that are retained in the Company's portfolio and for home equity and second mortgages, credit risk is also diversified by geography and managed by adherence to LTV and borrower credit criteria during the underwriting process.

The Company estimates updated LTV information on its outstanding residential mortgages quarterly, based on a method that combines automated valuation model updates and relevant home price indices. LTV is the ratio of the loan's outstanding principal balance to the current estimate of property value. For home equity and second mortgages, combined loan-to-value ("CLTV") is the combination of the first mortgage original principal balance and the second lien outstanding principal balance, relative to the current estimate of property value. Certain loans do not have an LTV or CLTV, primarily due to lack of availability of relevant automated valuation model and/or home price indices values, or lack of necessary valuation data on acquired loans.

The following tables provide summary information of residential mortgages and home equity and second mortgages by LTV at December 31, 2021:

Residential Mortgages (Dollars in Millions)	Interest Only	Amortizing	Total	Percent of Total
Loan-to-Value				
Less than or equal to 80%	$3,680	$62,380	$66,060	86.4%
Over 80% through 90%	—	1,946	1,946	2.5
Over 90% through 100%	—	193	193	.3
Over 100%	—	72	72	.1
No LTV available	—	22	22	—
Loans purchased from GNMA mortgage pools[a]	—	8,200	8,200	10.7
Total[b]	$3,680	$72,813	$76,493	100.0%

(a) Represents loans purchased from Government National Mortgage Association ("GNMA") mortgage pools whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(b) At December 31, 2021, approximately $418 million of residential mortgage balances were considered sub-prime.

Home Equity and Second Mortgages (Dollars in Millions)	Lines	Loans	Total	Percent of Total
Loan-to-Value / Combined Loan-to-Value				
Less than or equal to 80%	$9,132	$638	$ 9,770	93.5%
Over 80% through 90%	282	223	505	4.8
Over 90% through 100%	47	23	70	.7
Over 100%	38	4	42	.4
No LTV/CLTV available	56	3	59	.6
Total[a]	$9,555	$891	$10,446	100.0%

(a) At December 31, 2021, approximately $33 million of home equity and second mortgage balances were considered sub-prime.

Home equity and second mortgages were $10.4 billion at December 31, 2021, compared with $12.5 billion at December 31, 2020, and included $3.0 billion of home equity lines in a first lien position and $7.4 billion of home equity and second mortgage loans and lines in a junior lien position. Loans and lines in a junior lien position at December 31, 2021, included approximately $2.6 billion of loans and lines for which the Company also serviced the related first lien loan, and approximately $4.8 billion where the Company did not service the related first lien loan. The Company was able to determine the status of the related first liens using information the Company has as the servicer of the first lien or information reported on customer credit bureau files. The Company also evaluates other indicators of credit risk for these junior lien loans and lines, including delinquency, estimated average CLTV ratios and updated weighted-average credit scores in making its assessment of credit risk, related loss estimates and determining the allowance for credit losses.

The following table provides a summary of delinquency statistics and other credit quality indicators for the Company's junior lien positions at December 31, 2021:

	Junior Liens Behind		
(Dollars in Millions)	Company Owned or Serviced First Lien	Third Party First Lien	Total
Total	$2,594	$4,795	$7,389
Percent 30 - 89 days past due	.53%	.56%	.55%
Percent 90 days or more past due	.11%	.08%	.09%
Weighted-average CLTV	58%	56%	57%
Weighted-average credit score	782	783	782

See the "Analysis and Determination of the Allowance for Credit Losses" section for additional information on how the Company determines the allowance for credit losses for loans in a junior lien position.

Credit card and other retail loans are diversified across customer segments and geographies. Diversification in the credit card portfolio is achieved with broad customer relationship distribution through the Company's and financial institution partners' branches, retail and affinity partners, and digital channels.

Tables 10, 11 and 12 provide a geographical summary of the residential mortgage, credit card and other retail loan portfolios, respectively.

TABLE 15 Delinquent Loan Ratios as a Percent of Ending Loan Balances

At December 31 90 days or more past due excluding nonperforming loans	2021	2020
Commercial		
Commercial	.05%	.06%
Lease financing	—	—
Total commercial	.04	.05
Commercial Real Estate		
Commercial mortgages	—	—
Construction and development	.10	.02
Total commercial real estate	.03	.01
Residential Mortgages[(a)]	.24	.18
Credit Card	.73	.88
Other Retail		
Retail leasing	.04	.05
Home equity and second mortgages	.35	.36
Other	.06	.10
Total other retail	.11	.15
Total loans	.15%	.16%

At December 31 90 days or more past due including nonperforming loans	2021	2020
Commercial	.20%	.42%
Commercial real estate	.76	1.15
Residential mortgages[(a)]	.53	.50
Credit card	.73	.88
Other retail	.35	.42
Total loans	.42%	.57%

(a) Delinquent loan ratios exclude $1.5 billion and $1.8 billion at December 31, 2021 and 2020, respectively, of loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. Including these loans, the ratio of residential mortgages 90 days or more past due including all nonperforming loans was 2.43 percent and 2.87 percent at December 31, 2021 and 2020, respectively.

Loan Delinquencies Trends in delinquency ratios are an indicator, among other considerations, of credit risk within the Company's loan portfolios. The entire balance of a loan account is considered delinquent if the minimum payment contractually required to be made is not received by the date specified on the billing statement. The Company measures delinquencies, both including and excluding nonperforming loans, to enable comparability with other companies. Delinquent loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, are excluded from delinquency statistics. In addition, in certain situations, a consumer lending customer's account may be re-aged to remove it from delinquent status. Generally, the purpose of re-aging accounts is to assist customers who have recently overcome temporary financial difficulties and have demonstrated both the ability and willingness to resume regular payments. In addition, the Company may re-age the consumer lending account of a customer who has experienced longer-term financial difficulties and apply modified, concessionary terms and conditions to the account. Commercial lending loans are generally not subject to re-aging policies.

Accruing loans 90 days or more past due totaled $472 million at December 31, 2021, compared with $477 million at December 31, 2020. Accruing loans 90 days or more past due are not included in nonperforming assets and continue to accrue interest because they are adequately secured by collateral, are in the process of collection and are reasonably expected to result in repayment or restoration to current status, or are managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines. The ratio of accruing loans 90 days or more past due to total loans was 0.15 percent at December 31, 2021, compared with 0.16 percent at December 31, 2020.

The following table provides summary delinquency information for residential mortgages, credit card and other retail loans included in the consumer lending segment:

At December 31 (Dollars in Millions)	Amount 2021	Amount 2020	As a Percent of Ending Loan Balances 2021	As a Percent of Ending Loan Balances 2020
Residential Mortgages[a]				
30-89 days	$124	$244	.15%	.32%
90 days or more	181	137	.24	.18
Nonperforming	226	245	.30	.32
Total	$531	$626	.69%	.82%
Credit Card				
30-89 days	$193	$231	.86%	1.04%
90 days or more	165	197	.73	.88
Nonperforming	—	—	—	—
Total	$358	$428	1.59%	1.92%
Other Retail				
Retail Leasing				
30-89 days	$ 29	$ 35	.40%	.43%
90 days or more	3	4	.04	.05
Nonperforming	10	13	.14	.16
Total	$ 42	$ 52	.58%	.64%
Home Equity and Second Mortgages				
30-89 days	$ 55	$ 68	.53%	.54%
90 days or more	37	45	.35	.36
Nonperforming	116	107	1.11	.86
Total	$208	$220	1.99%	1.76%
Other[b]				
30-89 days	$191	$215	.43%	.60%
90 days or more	26	37	.06	.10
Nonperforming	24	34	.05	.09
Total	$241	$286	.54%	.79%

(a) Excludes $.8 billion of loans 30-89 days past due and $1.5 billion of loans 90 days or more past due at December 31, 2021, purchased from GNMA mortgage pools that continue to accrue interest, compared with $1.4 billion and $1.8 billion at December 31, 2020, respectively.

(b) Includes revolving credit, installment, automobile and student loans.

Restructured Loans In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. In most cases the modification is either a concessionary reduction in interest rate, extension of the maturity date or reduction in the principal balance that would otherwise not be considered.

Troubled Debt Restructurings Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in the payments to be received. TDRs accrue interest if the borrower complies with the revised terms and conditions and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. At December 31, 2021, performing TDRs were $3.1 billion, compared with $3.6 billion at December 31, 2020.

The Company continues to work with customers to modify loans for borrowers who are experiencing financial difficulties. Many of the Company's TDRs are determined on a case-by-case basis in connection with ongoing loan collection processes. The modifications vary within each of the Company's loan classes. Commercial lending segment TDRs generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate. The Company may also work with the borrower to make other changes to the loan to mitigate losses, such as obtaining additional collateral and/or guarantees to support the loan.

The Company has also implemented certain residential mortgage loan restructuring programs that may result in TDRs. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, and its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extensions of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers modification solutions over a specified time period, generally up to 60 months.

In accordance with regulatory guidance, the Company considers secured consumer loans that have had debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs. If the loan amount exceeds the collateral value, the loan is charged down to collateral value and the remaining amount is reported as nonperforming.

Loan modifications or concessions granted to customers resulting directly from the effects of the COVID-19 pandemic, who were otherwise in current payment status, are not considered to be TDRs.

The following table provides a summary of TDRs by loan class, including the delinquency status for TDRs that continue to accrue interest and TDRs included in nonperforming assets:

At December 31, 2021 (Dollars in Millions)	Performing TDRs	As a Percent of Performing TDRs: 30-89 Days Past Due	As a Percent of Performing TDRs: 90 Days or More Past Due	Nonperforming TDRs	Total TDRs
Commercial	$ 130	5.0%	2.9%	$ 77[a]	$ 207
Commercial real estate	92	1.2	—	219[b]	311
Residential mortgages	1,363	3.0	4.9	126	1,489[d]
Credit card	234	10.9	5.0	—	234
Other retail	164	11.0	5.9	38[c]	202[e]
TDRs, excluding loans purchased from GNMA mortgage pools	1,983	4.7	4.6	460	2,443
Loans purchased from GNMA mortgage pools[g]	1,071	—	—	—	1,071[f]
Total	$3,054	3.0%	3.0%	$460	$3,514

(a) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months) and small business credit cards with a modified rate equal to 0 percent.

(b) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months).

(c) Primarily represents loans with a modified rate equal to 0 percent.

(d) Includes $231 million of residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $22 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(e) Includes $69 million of other retail loans to borrowers that have had debt discharged through bankruptcy and $14 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(f) Includes $177 million of Federal Housing Administration and United States Department of Veterans Affairs residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $132 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(g) Approximately 8.5 percent and 35.8 percent of the total TDR loans purchased from GNMA mortgage pools are 30-89 days past due and 90 days or more past due, respectively, but are not classified as delinquent as their repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

Short-term and Other Loan Modifications The Company makes short-term and other modifications that it does not consider to be TDRs, in limited circumstances, to assist borrowers experiencing temporary hardships. Short-term consumer lending modification programs include payment reductions, deferrals of up to three past due payments, and the ability to return to current status if the borrower makes required payments. The Company may also make short-term modifications to commercial lending loans, with the most common modification being an extension of the maturity date of three months or less. Such extensions generally are used when the maturity date is imminent and the borrower is experiencing some level of financial stress, but the Company believes the borrower will pay all contractual amounts owed.

COVID-19 Payment Relief The Company has offered payment relief, including forbearance, payment deferrals and other customer accommodations, to assist borrowers that have experienced financial hardship resulting from the effects of the COVID-19 pandemic. The majority of these borrowers were not delinquent on payments at the time they received the payment relief. Most of the borrowers who received account modifications are no longer participating in these payment relief programs, as the programs are generally short-term. At December 31, 2021, less than 3,000 accounts representing approximately $304 million in loan balances, were currently in the Company's payment relief programs. Borrowers participating in these programs at December 31, 2021 primarily represented those receiving payment forbearance on residential mortgages; payment relief for other loan products is insignificant. These amounts exclude loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veteran Affairs and have received COVID-19 payment relief under the respective government agency's programs.

Nonperforming Assets The level of nonperforming assets represents another indicator of the potential for future credit losses. Nonperforming assets include nonaccrual loans, restructured loans not performing in accordance with modified terms and not accruing interest, restructured loans that have not met the performance period required to return to accrual status, other real estate owned ("OREO") and other nonperforming assets owned by the Company. Interest payments collected from assets on nonaccrual status are generally applied against the principal balance and not recorded as income. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible.

At December 31, 2021, total nonperforming assets were $878 million, compared with $1.3 billion at December 31, 2020. The $420 million (32.4 percent) decrease in nonperforming assets, from December 31, 2020 to December 31, 2021, was driven by decreases in nonperforming commercial and commercial real estate loans. The ratio of total nonperforming assets to total loans and other real estate was 0.28 percent at December 31, 2021, compared with 0.44 percent at December 31, 2020. Nonperforming assets are expected to continue to decline over the next several quarters. However, some manageable levels of elevated nonperforming assets in certain industries and loan categories impacted by the pandemic may experience longer recovery periods.

OREO was $22 million at December 31, 2021, compared with $24 million at December 31, 2020, and was related to foreclosed properties that previously secured loan balances. These balances exclude foreclosed GNMA loans whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

TABLE 16 Nonperforming Assets[a]

At December 31 (Dollars in Millions)	2021	2020
Commercial		
Commercial	$ 139	$ 321
Lease financing	35	54
Total commercial	174	375
Commercial Real Estate		
Commercial mortgages	213	411
Construction and development	71	39
Total commercial real estate	284	450
Residential Mortgages[b]	226	245
Credit Card	—	—
Other Retail		
Retail leasing	10	13
Home equity and second mortgages	116	107
Other	24	34
Total other retail	150	154
Total nonperforming loans[1]	834	1,224
Other Real Estate[c]	22	24
Other Assets	22	50
Total nonperforming assets	$ 878	$ 1,298
Accruing loans 90 days or more past due[b]	$ 472	$ 477
Period-end loans[2]	$312,028	$297,707
Nonperforming loans to total loans[1]/[2]	.27%	.41%
Nonperforming assets to total loans plus other real estate[c]	.28%	.44%

Changes in Nonperforming Assets

(Dollars in Millions)	Commercial and Commercial Real Estate	Residential Mortgages, Credit Card and Other Retail	Total
Balance December 31, 2020	$ 854	$ 444	$1,298
Additions to nonperforming assets			
New nonaccrual loans and foreclosed properties	316	212	528
Advances on loans	10	1	11
Total additions	326	213	539
Reductions in nonperforming assets			
Paydowns, payoffs	(292)	(101)	(393)
Net sales	(178)	(14)	(192)
Return to performing status	(129)	(111)	(240)
Charge-offs[d]	(120)	(14)	(134)
Total reductions	(719)	(240)	(959)
Net additions to (reductions in) nonperforming assets	(393)	(27)	(420)
Balance December 31, 2021	$ 461	$ 417	$ 878

(a) Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due.

(b) Excludes $1.5 billion and $1.8 billion at December 31, 2021 and 2020, respectively, of loans purchased from GNMA mortgage pools that are 90 days or more past due that continue to accrue interest, as their repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(c) Foreclosed GNMA loans of $22 million and $33 million at December 31, 2021 and 2020, respectively, continue to accrue interest and are recorded as other assets and excluded from nonperforming assets because they are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(d) Charge-offs exclude actions for certain card products and loan sales that were not classified as nonperforming at the time the charge-off occurred.

TABLE 17 Net Charge-offs as a Percent of Average Loans Outstanding

Year Ended December 31 (Dollars in Millions)	2021 Average Loan Balance	2021 Net Charge-offs	2021 Percent	2020 Average Loan Balance	2020 Net Charge-offs	2020 Percent	2019 Average Loan Balance	2019 Net Charge-offs	2019 Percent
Commercial									
Commercial	$ 97,649	$ 97	.10%	$ 108,367	$ 483	.45%	$ 97,697	$ 273	.28%
Lease financing	5,206	6	.12	5,600	30	.54	5,501	12	.22
Total commercial	102,855	103	.10	113,967	513	.45	103,198	285	.28
Commercial real estate									
Commercial mortgages	27,997	(14)	(.05)	29,641	185	.62	28,595	12	.04
Construction	10,784	16	.15	10,907	2	.02	10,791	2	.02
Total commercial real estate	38,781	2	.01	40,548	187	.46	39,386	14	.04
Residential mortgages	74,629	(32)	(.04)	73,667	(12)	(.02)	67,747	3	—
Credit card	21,645	512	2.37	22,332	829	3.71	23,309	893	3.83
Other retail									
Retail leasing	7,710	2	.03	8,405	81	.96	8,515	13	.15
Home equity and second mortgages	11,228	(10)	(.09)	13,894	(4)	(.03)	15,659	(3)	(.02)
Other	40,117	105	.26	34,456	192	.56	32,872	249	.76
Total other retail	59,055	97	.16	56,755	269	.47	57,046	259	.45
Total loans	$ 296,965	$ 682	.23%	$ 307,269	$ 1,786	.58%	$ 290,686	$ 1,454	.50%

Analysis of Loan Net Charge-offs Total loan net charge-offs were $682 million in 2021, compared with $1.8 billion in 2020. The $1.1 billion (61.8 percent) decrease in total net charge-offs in 2021, compared with 2020, reflected improvement across most loan categories, associated with improving economic conditions, borrower liquidity and strong asset prices in the market that support repayment and recovery on problem loans. The ratio of total loan net charge-offs to average loans outstanding was 0.23 percent in 2021, compared with 0.58 percent in 2020.

Commercial and commercial real estate loan net charge-offs for 2021 were $105 million (0.07 percent of average loans outstanding), compared with $700 million (0.45 percent of average loans outstanding) in 2020. The decrease in net charge-offs in 2021, compared with 2020, reflected lower charge-offs as a result of improving economic conditions in 2021.

Residential mortgage loan net charge-offs for 2021 reflected a net recovery of $32 million (0.04 percent of average loans outstanding), compared with a net recovery of $12 million (0.02 percent of average loans outstanding) in 2020. Credit card loan net charge-offs in 2021 were $512 million (2.37 percent of average loans outstanding), compared with $829 million (3.71 percent of average loans outstanding) in 2020. Other retail loan net charge-offs for 2021 were $97 million (0.16 percent of average loans outstanding), compared with $269 million (0.47 percent of average loans outstanding) in 2020. The decrease in total residential mortgage, credit card and other retail loan net charge-offs in 2021, compared with 2020, reflected improving economic conditions. The Company expects net charge-offs to return to more normalized levels over time.

Analysis and Determination of the Allowance for Credit Losses The allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs.

Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis. Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which includes increasing consideration of historical loss experience over years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates from better to worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consideration of uncertainties that exist. Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions.

Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its

liability for unfunded credit commitments, which is included in other liabilities in the Consolidated Balance Sheet. Both the allowance for loan losses and the liability for unfunded credit commitments are included in the Company's analysis of credit losses and reported reserve ratios.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, real estate prices, gross domestic product levels and corporate bonds spreads, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that may affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral-dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses.

The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. However, historical loss experience is also incorporated into the allowance methodology applied to this category of loans. Commercial lending segment TDR loans may be collectively evaluated for impairment where observed performance history, including defaults, is a primary driver of the loss allocation.

The allowance recorded for TDR loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the current fair value of the collateral less costs to sell.

When evaluating the appropriateness of the allowance for credit losses for any loans and lines in a junior lien position, the Company considers the delinquency and modification status of the first lien. At December 31, 2021, the Company serviced the first lien on 35 percent of the home equity loans and lines in a junior lien position. The Company also considers the status of first lien mortgage accounts reported on customer credit bureau files when the first lien is not serviced by the Company. Regardless of whether the Company services the first lien, an assessment is made of economic conditions, problem loans, recent loss experience and other factors in determining the allowance for credit losses. Based on the available information, the Company estimated $224 million or 2.1 percent of its total home equity portfolio at December 31, 2021, represented non-delinquent junior liens where the first lien was delinquent or modified, excluding loans in COVID-related forbearance programs.

The Company considers historical loss experience on the loans and lines in a junior lien position to establish loss estimates for junior lien loans and lines the Company services that are current, but the first lien is delinquent or modified. The historical long-term average loss experience related to junior liens has been relatively limited (less than 1 percent of the total portfolio annually), and estimates are adjusted to consider current collateral support and portfolio risk characteristics. These include updated credit scores and collateral estimates obtained on the Company's home equity portfolio each quarter. In its evaluation of the allowance for credit losses, the Company also considers the increased risk of loss associated with home equity lines that are contractually scheduled to convert from a revolving status to a fully amortizing payment.

Beginning January 1, 2020, when a loan portfolio is purchased, the acquired loans are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered purchased with more than insignificant credit deterioration. An allowance is established for each population and considers product mix, risk characteristics of the portfolio, bankruptcy experience, delinquency status and refreshed LTV ratios when possible. The allowance established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance. The Company did not have a material amount of PCD loans included in its loan portfolio at December 31, 2021.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above are adjusted by management to consider the potential impact of other qualitative factors not captured in quantitative model adjustments which include, but are not limited to, the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the economic environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

TABLE 18 Summary of Allowance for Credit Losses

(Dollars in Millions)	2021	2020	2019
Balance at beginning of year	$ 8,010	$ 4,491	$ 4,441
Change in accounting principle[a]	—	1,499	—
Charge-Offs			
Commercial			
Commercial	206	536	380
Lease financing	16	39	19
Total commercial	222	575	399
Commercial real estate			
Commercial mortgages	9	202	17
Construction and development	20	8	4
Total commercial real estate	29	210	21
Residential mortgages	18	19	34
Credit card	686	975	1,028
Other retail			
Retail leasing	26	101	24
Home equity and second mortgages	12	16	19
Other	215	284	342
Total other retail	253	401	385
Total charge-offs	1,208	2,180	1,867
Recoveries			
Commercial			
Commercial	109	53	107
Lease financing	10	9	7
Total commercial	119	62	114
Commercial real estate			
Commercial mortgages	23	17	5
Construction and development	4	6	2
Total commercial real estate	27	23	7
Residential mortgages	50	31	31
Credit card	174	146	135
Other retail			
Retail leasing	24	20	11
Home equity and second mortgages	22	20	22
Other	110	92	93
Total other retail	156	132	126
Total recoveries	526	394	413
Net Charge-Offs			
Commercial			
Commercial	97	483	273
Lease financing	6	30	12
Total commercial	103	513	285
Commercial real estate			
Commercial mortgages	(14)	185	12
Construction and development	16	2	2
Total commercial real estate	2	187	14
Residential mortgages	(32)	(12)	3
Credit card	512	829	893
Other retail			
Retail leasing	2	81	13
Home equity and second mortgages	(10)	(4)	(3)
Other	105	192	249
Total other retail	97	269	259
Total net charge-offs	682	1,786	1,454
Provision for credit losses	(1,173)	3,806	1,504
Balance at end of year	$ 6,155	$ 8,010	$ 4,491
Components			
Allowance for loan losses	$ 5,724	$ 7,314	$ 4,020
Liability for unfunded credit commitments	431	696	471
Total allowance for credit losses[1]	$ 6,155	$ 8,010	$ 4,491
Period-end loans[2]	$312,028	$297,707	$296,102
Nonperforming loans[3]	834	1,224	692
Allowance for Credit Losses as a Percentage of			
Period-end loans[1]/[2]	1.97%	2.69%	1.52%
Nonperforming loans[1]/[3]	738	654	649
Nonperforming and accruing loans 90 days or more past due	471	471	346
Nonperforming assets	701	617	542
Net charge-offs	902	448	309

(a) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses.

TABLE 19 Allocation of the Allowance for Credit Losses

At December 31 (Dollars in Millions)	Allowance Amount 2021	Allowance Amount 2020	Allowance as a Percent of Loans 2021	Allowance as a Percent of Loans 2020
Commercial				
Commercial	$1,779	$2,344	1.66%	2.41%
Lease financing	70	79	1.37	1.42
Total commercial	1,849	2,423	1.65	2.36
Commercial Real Estate				
Commercial mortgages	699	894	2.43	3.14
Construction and development	424	650	4.12	6.00
Total commercial real estate	1,123	1,544	2.88	3.93
Residential Mortgages	565	573	.74	.75
Credit Card	1,673	2,355	7.44	10.54
Other Retail				
Retail leasing	136	252	1.87	3.09
Home equity and second mortgages	231	349	2.21	2.80
Other	578	514	1.31	1.41
Total other retail	945	1,115	1.53	1.96
Total allowance	$6,155	$8,010	1.97%	2.69%

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each loan portfolio. Table 19 shows the amount of the allowance for credit losses by loan class and underlying portfolio category.

Although the Company determined the amount of each element of the allowance separately and considers this process to be an important credit management tool, the entire allowance for credit losses is available for the entire loan portfolio. The actual amount of losses can vary significantly from the estimated amounts.

At December 31, 2021, the allowance for credit losses was $6.2 billion (1.97 percent of period-end loans), compared with an allowance of $8.0 billion (2.69 percent of period-end loans) at December 31, 2020. The ratio of the allowance for credit losses to nonperforming loans was 738 percent at December 31, 2021, compared with 654 percent at December 31, 2020. The ratio of the allowance for credit losses to annual loan net charge-offs at December 31, 2021, was 902 percent, compared with 448 percent at December 31, 2020. Management determined the allowance for credit losses was appropriate at December 31, 2021 and 2020.

The decrease in the allowance for credit losses of $1.9 billion (23.2 percent) at December 31, 2021, compared with December 31, 2020, reflected factors affecting economic conditions during 2021, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States that has reduced the risks associated with COVID-19, contributing to an economic recovery. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants. In addition to these factors, expected loss estimates consider various factors including customer specific information impacting changes in risk ratings, projected delinquencies and potential effects of diminishing liquidity without support of mortgage forbearance and direct federal stimulus. Consumer credit trends continued to perform better than expected in 2021, while select wholesale portfolios continue to be monitored for pandemic related impacts.

Changes in economic conditions considered in estimating the allowance for credit losses at December 31, 2021 included improvements in projected gross domestic product and unemployment levels, which reflected the additional government stimulus and availability of vaccines. These factors are evaluated through a combination of quantitative calculations using economic scenarios and qualitative assessments that consider the high degree of uncertainty related to the unprecedented levels of both economic stress and the stimulus response.

The following table summarizes the baseline forecast for key economic variables the Company used in its estimate of the allowance for credit losses at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
United States unemployment rate for the three months ending[a]		
December 31, 2021	4.3%	6.8%
June 30, 2022	3.6	6.2
December 31, 2022	3.5	5.4
United States real gross domestic product for the three months ending[b]		
December 31, 2021	2.8%	1.5%
June 30, 2022	5.0	3.8
December 31, 2022	6.4	5.7

(a) Reflects quarterly average of forecasted reported United States unemployment rate.
(b) Reflects cumulative change from December 31, 2019.

Baseline economic forecasts are used in combination with alternative scenarios and historical loss experience as is considered reasonable and supportable to inform the Company's allowance for credit losses. Changes in the allowance for credit losses are based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions and expectations (including for unemployment and gross domestic product), among other factors.

Based on economic conditions at December 31, 2021, it was difficult to estimate the length and severity of the longer term effects on certain industry sectors that may result from COVID-19 and the impact of other factors that may influence the level of eventual losses and corresponding requirements for the allowance for credit losses, including the impact of inflationary pressures on certain lending sectors and diminishing liquidity after economic stimulus programs and accommodations delaying mortgage and rent payments end. While reserves consider the uncertainty in these estimates, the unpredictability of the COVID-19 pandemic could result in the recognition of credit losses in the Company's loan portfolios and increases in the allowance for credit losses. Scenarios worse than the Company's expected outcome at December 31, 2021 include risks that government stimulus in response to the COVID-19 pandemic is less effective than expected, or that a longer or more severe health crisis prolongs the downturn in economic activity, potentially reducing the number of businesses that are ultimately able to resume operations after the crisis has passed. Other factors considered include concerns around inflationary pressures, new virus variants, sustainability of asset values and borrower liquidity.

The allowance for credit losses related to commercial lending segment loans decreased $995 million during the year ended December 31, 2021, due to improvements in general economic conditions and portfolio credit quality that included some return of economic activity in certain industry sectors affected by COVID-19.

The allowance for credit losses related to consumer lending segment loans decreased $860 million during the year ended December 31, 2021, due to improving economic risks, including those due to decreased unemployment, along with continued strong underlying credit quality that supports expectations of long-term repayment.

Residual Value Risk Management The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Lease originations are subject to the same well-defined underwriting standards referred to in the "Credit Risk Management" section, which includes an evaluation of the residual value risk. Retail lease residual value risk is mitigated further by effective end-of-term marketing of off-lease vehicles.

Included in the retail leasing portfolio was approximately $5.6 billion of retail leasing residuals at December 31, 2021, compared with $6.3 billion at December 31, 2020. The Company monitors concentrations of leases by manufacturer and vehicle type. As of December 31, 2021, vehicle lease residuals related to sport utility vehicles were 46.7 percent of the portfolio, while truck and crossover utility vehicle classes represented approximately 32.5 percent and 14.7 percent of the portfolio, respectively. At year-end 2021, the individual vehicle model with the largest residual value outstanding represented 14.9 percent of the aggregate residual value of all vehicles in the portfolio. At December 31, 2021 and 2020, the weighted-average origination term of the portfolio was 41 months. At December 31, 2021, the commercial leasing portfolio had $515 million of residuals, compared with $498 million at December 31, 2020. At year-end 2021, lease residuals related to trucks and other transportation equipment represented 33.4 percent of the total residual portfolio, while business and office equipment represented 29.7 percent.

Operational Risk Management. The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. Operational risk is inherent in all business activities, and the management of this risk is important to the achievement of the Company's objectives. Business lines have direct and primary responsibility and accountability for identifying, controlling, and monitoring operational risks embedded in their

business activities, including those additional or increased risks created by the economic and financial disruptions, and the Company's alternative working arrangements resulting from the COVID-19 pandemic. The Company maintains a system of controls with the objective of providing proper transaction authorization and execution, proper system operations, proper oversight of third parties with whom it does business, safeguarding of assets from misuse or theft, and ensuring the reliability and security of financial and other data.

Business continuation and disaster recovery planning is also critical to effectively managing operational risks. Each business unit of the Company is required to develop, maintain and test these plans at least annually to ensure that recovery activities, if needed, can support mission critical functions, including technology, networks and data centers supporting customer applications and business operations.

While the Company believes it has designed effective processes to minimize operational risks, there is no absolute assurance that business disruption or operational losses would not occur from an external event or internal control breakdown. On an ongoing basis, management makes process changes and investments to enhance its systems of internal controls and business continuity and disaster recovery plans.

In the past, the Company has experienced attack attempts on its computer systems, including various denial-of-service attacks on customer-facing websites. The Company has not experienced any material losses relating to these attempts, as a result of its controls, processes and systems to protect its networks, computers, software and data from attack, damage or unauthorized access but future attacks could be more disruptive or damaging. Attack attempts on the Company's computer systems are evolving and increasing, and the Company continues to develop and enhance its controls and processes to protect against these attempts.

Compliance Risk Management The Company may suffer legal or regulatory sanctions, material financial loss, or damage to its reputation through failure to comply with laws, regulations, rules, standards of good practice, and codes of conduct, including those related to compliance with Bank Secrecy Act/anti-money laundering requirements, sanctions compliance requirements as administered by the Office of Foreign Assets Control, consumer protection and other requirements. The Company has controls and processes in place for the assessment, identification, monitoring, management and reporting of compliance risks and issues, including those created or increased by the economic and financial disruptions caused by the COVID-19 pandemic. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for further discussion of the regulatory framework applicable to bank holding companies and their subsidiaries.

Interest Rate Risk Management In the banking industry, changes in interest rates are a significant risk that can impact earnings and the safety and soundness of an entity. The Company manages its exposure to changes in interest rates through asset and liability management activities within guidelines established by its Asset Liability Management Committee ("ALCO") and approved by the Board of Directors. The ALCO has the responsibility for approving and ensuring compliance with the ALCO management policies, including interest rate risk exposure. One way the Company measures and analyzes its interest rate risk is through net interest income simulation analysis.

Simulation analysis incorporates substantially all of the Company's assets and liabilities and off-balance sheet instruments, together with forecasted changes in the balance sheet and assumptions that reflect the current interest rate environment. Through this simulation, management estimates the impact on net interest income of various interest rate changes that differ in the direction, amount and speed of change over time, as well as the shape of the yield curve. This simulation includes assumptions about how the balance sheet is likely to be affected by changes in loan and deposit growth. Assumptions are made to project interest rates for new loans and deposits based on historical analysis, management's outlook and re-pricing strategies. These assumptions are reviewed and validated on a periodic basis with sensitivity analysis being provided for key variables of the simulation. The results are reviewed monthly by the ALCO and are used to guide asset/liability management strategies.

The Company manages its interest rate risk position by holding assets with desired interest rate risk characteristics on its balance sheet, implementing certain pricing strategies for loans and deposits and selecting derivatives and various funding and investment portfolio strategies.

Table 20 summarizes the projected impact to net interest income over the next 12 months of various potential interest rate changes. The sensitivity of the projected impact to net interest income over the next 12 months is dependent on balance sheet growth, product mix, deposit behavior, pricing and funding decisions. While the Company utilizes models and assumptions based on historical information and expected behaviors, actual outcomes could vary significantly.

TABLE 20 Sensitivity of Net Interest Income

	December 31, 2021				December 31, 2020			
	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual
Net interest income	(3.77)%	3.09%	*	5.39%	(4.48)%	4.58%	*	6.57%

* *Given the level of interest rates, downward rate scenario is not computed.*

Use of Derivatives to Manage Interest Rate and Other Risks To manage the sensitivity of earnings and capital to interest rate, prepayment, credit, price and foreign currency fluctuations (asset and liability management positions), the Company enters into derivative transactions. The Company uses derivatives for asset and liability management purposes primarily in the following ways:

- To convert fixed-rate debt and available-for-sale investment securities from fixed-rate payments to floating-rate payments;
- To convert floating-rate debt from floating-rate payments to fixed-rate payments;
- To mitigate changes in value of the Company's unfunded mortgage loan commitments, funded MLHFS and MSRs;
- To mitigate remeasurement volatility of foreign currency denominated balances; and
- To mitigate the volatility of the Company's net investment in foreign operations driven by fluctuations in foreign currency exchange rates.

In addition, the Company enters into interest rate and foreign exchange derivative contracts to support the business requirements of its customers (customer-related positions). The Company minimizes the market and liquidity risks of customer-related positions by either entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure from these customer-related positions. The Company may enter into derivative contracts that are either exchange-traded, centrally cleared through clearinghouses or over-the-counter. The Company does not utilize derivatives for speculative purposes.

The Company does not designate all of the derivatives that it enters into for risk management purposes as accounting hedges because of the inefficiency of applying the accounting requirements and may instead elect fair value accounting for the related hedged items. In particular, the Company enters into interest rate swaps, swaptions, forward commitments to buy to-be-announced securities ("TBAs"), U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to mitigate fluctuations in the value of its MSRs, but does not designate those derivatives as accounting hedges. The estimated net sensitivity to changes in interest rates of the fair value of the MSRs and the related derivative instruments at December 31, 2021, to an immediate 25, 50 and 100 bps downward movement in interest rates would be a decrease of approximately $8 million, $15 million and $22 million, respectively. An immediate upward movement in interest rates at December 31, 2021, of 25, 50 and 100 bps would result in an increase of approximately $8 million, an increase of $9 million and a decrease of $25 million, in the fair value of the MSRs and related derivative instruments, respectively. Refer to Note 10 of the Notes to Consolidated Financial Statements for additional information regarding MSRs.

Additionally, the Company uses forward commitments to sell TBAs and other commitments to sell residential mortgage loans at specified prices to economically hedge the interest rate risk in its residential mortgage loan production activities. At December 31, 2021, the Company had $8.6 billion of forward commitments to sell, hedging $5.4 billion of MLHFS and $4.7 billion of unfunded mortgage loan commitments. The forward commitments to sell and the unfunded mortgage loan commitments on loans intended to be sold are considered derivatives under the accounting guidance related to accounting for derivative instruments and hedging activities. The Company has elected the fair value option for the MLHFS.

Derivatives are subject to credit risk associated with counterparties to the contracts. Credit risk associated with derivatives is measured by the Company based on the probability of counterparty default, including consideration of the COVID-19 pandemic. The Company manages the credit risk of its derivative positions by diversifying its positions among various counterparties, by entering into master netting arrangements, and, where possible, by requiring collateral arrangements. The Company may also transfer counterparty credit risk related to interest rate swaps to third parties through the use of risk participation agreements. In addition, certain interest rate swaps, interest rate forwards and credit contracts are required to be centrally cleared through clearinghouses to further mitigate counterparty credit risk.

For additional information on derivatives and hedging activities, refer to Notes 20 and 21 in the Notes to Consolidated Financial Statements.

LIBOR Transition In July 2017, the United Kingdom's Financial Conduct Authority (the "FCA") announced that it would no longer require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In March 2021, the FCA and the administrator of LIBOR announced that, with respect to the most commonly used tenors of United States Dollar LIBOR, LIBOR will no longer be published on a representative basis after June 30, 2023. The publication of all other tenors of United States Dollar LIBOR ceased to be provided or ceased to be representative after December 31, 2021. The Company holds financial instruments impacted by the discontinuance of LIBOR, including certain loans, investment securities, derivatives, borrowings and other financial instruments that use LIBOR as the benchmark rate. The Company also provides various services to customers in its capacities as trustee and servicer, which involve financial instruments that will be similarly impacted by the discontinuance of LIBOR.

The Company has transitioned financial instruments associated to LIBOR currencies and tenors that ceased or became nonrepresentative on December 31, 2021 to alternative reference rates, with limited exceptions. The Company also anticipates that additional financial instruments associated to the remaining United States Dollar LIBOR tenors will require transition to a new reference rate by June 30, 2023. This transition will occur over time as many of these arrangements do not have an alternative rate referenced in their contracts or a clear path for the parties to agree upon an alternative reference rate and therefore require remediation. For residual exposure related to these rates after June 30, 2023, the Company is assessing the applicability of relevant contractual and statutory solutions. Certain states have passed legislation, and federal legislation has been proposed,

that would transition contracts from LIBOR to an alternative reference rate for any contracts with non-existent or impracticable fallback language. The Company is assessing the impact of such legislative solutions to its various products.

In order to facilitate the transition process, the Company has instituted a LIBOR Transition Office and commenced an enterprise-wide project to identify, assess, monitor and mitigate risks associated with the expected discontinuance or unavailability of LIBOR, actively engage with industry working groups and regulators, achieve operational readiness for the use of alternative reference rates and engage impacted customers to remediate and transition impacted instruments. The Company has also invested in updating its systems, models, procedures and internal infrastructure as part of the transition program. Additionally, in alignment with guidance from United States banking agencies and the FCA, the Company has ceased the use of LIBOR as a reference rate in new contracts, with limited exceptions, and continues to increase the usage of alternative reference rates such as the Secured Overnight Financing Rate ("SOFR"). The Company has also adopted industry best practice guidelines for fallback language for new transactions, converted its cleared interest rate swaps discounting to SOFR discounting, and distributed communications related to the transition to certain impacted parties, both inside and outside the Company. Refer to "Risk Factors" beginning on page 137, for further discussion on potential risks that could adversely affect the Company's financial results as a result of the LIBOR transition.

Market Risk Management In addition to interest rate risk, the Company is exposed to other forms of market risk, principally related to trading activities which support customers' strategies to manage their own foreign currency, interest rate risk and funding activities. For purposes of its internal capital adequacy assessment process, the Company considers risk arising from its trading activities, as well as the remeasurement volatility of foreign currency denominated balances included on its Consolidated Balance Sheet (collectively, "Covered Positions"), employing methodologies consistent with the requirements of regulatory rules for market risk. The Company's Market Risk Committee ("MRC"), within the framework of the ALCO, oversees market risk management. The MRC monitors and reviews the Company's Covered Positions and establishes policies for market risk management, including exposure limits for each portfolio. The Company uses a VaR approach to measure general market risk. Theoretically, VaR represents the statistical risk of loss the Company has to adverse market movements over a one-day time horizon. The Company uses the Historical Simulation method to calculate VaR for its Covered Positions measured at the ninety-ninth percentile using a one-year look-back period for distributions derived from past market data. The market factors used in the calculations include those pertinent to market risks inherent in the underlying trading portfolios, principally those that affect the Company's corporate bond trading business, foreign currency transaction business, client derivatives business, loan trading business and municipal securities business, as well as those inherent in the Company's foreign denominated balances and the derivatives used to mitigate the related measurement volatility. On average, the Company expects the one-day VaR to be exceeded by actual losses two to three times per year related to these positions. The Company monitors the accuracy of internal VaR models and modeling processes by back-testing model performance, regularly updating the historical data used by the VaR models and regular model validations to assess the accuracy of the models' input, processing, and reporting components. All models are required to be independently reviewed and approved prior to being placed in use. If the Company were to experience market losses in excess of the estimated VaR more often than expected, the VaR models and associated assumptions would be analyzed and adjusted.

The average, high, low and period-end one-day VaR amounts for the Company's Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2021	2020
Average	$2	$2
High	4	3
Low	1	1
Period-end	2	2

The Company did not experience any actual losses for its combined Covered Positions that exceeded VaR during the year ended December 31, 2021. Given the market volatility in the first quarter of 2020 resulting from effects of the COVID-19 pandemic, the Company experienced actual losses for its combined Covered Positions that exceeded VaR five times during the year ended December 31, 2020. The Company stress tests its market risk measurements to provide management with perspectives on market events that may not be captured by its VaR models, including worst case historical market movement combinations that have not necessarily occurred on the same date.

The Company calculates Stressed VaR using the same underlying methodology and model as VaR, except that a historical continuous one-year look-back period is utilized that reflects a period of significant financial stress appropriate to the Company's Covered Positions. The period selected by the Company includes the significant market volatility of the last four months of 2008.

The average, high, low and period-end one-day Stressed VaR amounts for the Company's Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2021	2020
Average	$7	$6
High	9	8
Low	5	4
Period-end	7	5

Valuations of positions in client derivatives and foreign currency activities are based on discounted cash flow or other valuation techniques using market-based assumptions. These valuations are compared to third-party quotes or other market prices to determine if there are significant variances. Significant variances are approved by senior management in the Company's corporate functions. Valuation of positions in the corporate bond trading, loan trading and municipal securities businesses are based on trader marks. These trader marks are evaluated against third-party prices, with significant variances approved by senior management in the Company's corporate functions.

The Company also measures the market risk of its hedging activities related to residential MLHFS and MSRs using the Historical Simulation method. The VaRs are measured at the ninety-ninth percentile and employ factors pertinent to the market risks inherent in the valuation of the assets and hedges. A one-year look-back period is used to obtain past market data for the models.

The average, high and low VaR amounts for the residential MLHFS and related hedges and the MSRs and related hedges were as follows:

Year Ended December 31 (Dollars in Millions)	2021	2020
Residential Mortgage Loans Held For Sale and Related Hedges		
Average	$ 9	$10
High	19	22
Low	4	2
Mortgage Servicing Rights and Related Hedges		
Average	$ 4	$19
High	11	54
Low	1	1

Liquidity Risk Management The Company's liquidity risk management process is designed to identify, measure, and manage the Company's funding and liquidity risk to meet its daily funding needs and to address expected and unexpected changes in its funding requirements. The Company engages in various activities to manage its liquidity risk. These activities include diversifying its funding sources, stress testing, and holding readily-marketable assets which can be used as a source of liquidity if needed. In addition, the Company's profitable operations, sound credit quality and strong capital position have enabled it to develop a large and reliable base of core deposit funding within its market areas and in domestic and global capital markets.

The Company's Board of Directors approves the Company's liquidity policy. The Risk Management Committee of the Company's Board of Directors oversees the Company's liquidity risk management process and approves a contingency funding plan. The ALCO reviews the Company's liquidity policy and limits, and regularly assesses the Company's ability to meet funding requirements arising from adverse company-specific or market events.

The Company's liquidity policy requires it to maintain diversified wholesale funding sources to avoid maturity, entity and market concentrations. The Company operates a Cayman Islands branch for issuing Eurodollar time deposits. In addition, the Company has relationships with dealers to issue national market retail and institutional savings certificates and short-term and medium-term notes. The Company also maintains a significant correspondent banking network and relationships. Accordingly, the Company has access to national federal funds, funding through repurchase agreements and sources of stable certificates of deposit and commercial paper.

The Company regularly projects its funding needs under various stress scenarios and maintains a contingency funding plan consistent with the Company's access to diversified sources of contingent funding. The Company maintains a substantial level of total available liquidity in the form of on-balance sheet and off-balance sheet funding sources. These liquidity sources include cash at the Federal Reserve Bank and certain European central banks, unencumbered liquid assets, and capacity to borrow from the FHLB and at the Federal Reserve Bank's Discount Window. Unencumbered liquid assets in the Company's investment securities portfolio provides asset liquidity through the Company's ability to sell the securities or pledge and borrow against them. At December 31, 2021, the fair value of unencumbered investment securities totaled $144.0 billion, compared with $125.9 billion at December 31, 2020. Refer to Note 5 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on investment securities maturities and trends. Asset liquidity is further enhanced by the Company's practice of pledging loans to access secured borrowing facilities through the FHLB and Federal Reserve Bank. At December 31, 2021, the Company could have borrowed a total of an additional $101.0 billion from the FHLB and Federal Reserve Bank based on collateral available for additional borrowings.

The Company's diversified deposit base provides a sizeable source of relatively stable and low-cost funding, while reducing the Company's reliance on the wholesale markets. Total deposits were $456.1 billion at December 31, 2021, compared with $429.8 billion at December 31, 2020. Refer to Note 12 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the maturities, terms and trends of the Company's deposits.

Additional funding is provided by long-term debt and short-term borrowings. Long-term debt was $32.1 billion at December 31, 2021, and is an important funding source because of its multi-year borrowing structure. Refer to Note 14 of the Notes to Consolidated Financial Statements for information on the terms and maturities of the Company's long-term debt issuances and "Balance Sheet Analysis" for discussion on long-term debt trends. Short-term borrowings were $11.8 billion at December 31, 2021, and supplement the Company's other funding sources. Refer to Note 13 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the terms and trends of the Company's short-term borrowings.

The Company's ability to raise negotiated funding at competitive prices is influenced by rating agencies' views of the Company's credit quality, liquidity, capital and earnings. Table 21 details the rating agencies' most recent assessments.

TABLE 21 Credit Ratings

	Moody's	S&P Global Ratings	Fitch Ratings	DBRS Morningstar
U.S. Bancorp				
Long-term issuer rating	A2	A+	AA-	AA
Short-term issuer rating		A-1	F1+	R-1 (middle)
Senior unsecured debt	A2	A+	A+	AA
Subordinated debt	A2	A	A	AA (low)
Junior subordinated debt	A3			
Preferred stock	Baa1	BBB+	BBB+	A
Commercial paper	P-1		F1+	
U.S. Bank National Association				
Long-term issuer rating	A1	AA-	AA-	AA (high)
Short-term issuer rating	P-1	A-1+	F1+	R-1 (high)
Long-term deposits	Aa2		AA	AA (high)
Short-term deposits	P-1		F1+	
Senior unsecured debt	A1	AA-	AA-	AA (high)
Subordinated debt	A1	A+		AA
Commercial paper	P-1	A-1+	F1+	
Counterparty risk assessment	Aa3(cr)/P-1(cr)			
Counterparty risk rating	A1/P-1			
Baseline credit assessment	a1			

In addition to assessing liquidity risk on a consolidated basis, the Company monitors the parent company's liquidity. The parent company's routine funding requirements consist primarily of operating expenses, dividends paid to shareholders, debt service, repurchases of common stock and funds used for acquisitions. The parent company obtains funding to meet its obligations from dividends collected from its subsidiaries and the issuance of debt and capital securities. The Company establishes limits for the minimal number of months into the future where the parent company can meet existing and forecasted obligations with cash and securities held that can be readily monetized. The Company measures and manages this limit in both normal and adverse conditions. The Company maintains sufficient funding to meet expected capital and debt service obligations for 24 months without the support of dividends from subsidiaries and assuming access to the wholesale markets is maintained. The Company maintains sufficient liquidity to meet its capital and debt service obligations for 12 months under adverse conditions without the support of dividends from subsidiaries or access to the wholesale markets. The parent company is currently well in excess of required liquidity minimums.

Under United States Securities and Exchange Commission rules, the parent company is classified as a "well-known seasoned issuer," which allows it to file a registration statement that does not have a limit on issuance capacity. "Well-known seasoned issuers" generally include those companies with outstanding common securities with a market value of at least $700 million held by non-affiliated parties or those companies that have issued at least $1 billion in aggregate principal amount of non-convertible securities, other than common equity, in the last three years. However, the parent company's ability to issue debt and other securities under a registration statement filed with the United States Securities and Exchange Commission under these rules is limited by the debt issuance authority granted by the Company's Board of Directors and/or the ALCO policy.

At December 31, 2021, parent company long-term debt outstanding was $18.9 billion, compared with $20.9 billion at December 31, 2020. The decrease was primarily due to $3.0 billion of medium-term note repayments, partially offset by $1.3 billion of subordinated note issuances. As of December 31, 2021, there was $2.3 billion of parent company debt scheduled to mature in 2022. Future debt maturities may be met through medium-term note and capital security issuances and dividends from subsidiaries, as well as from parent company cash and cash equivalents.

Dividend payments to the Company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends to the parent company from its banking subsidiary are limited by rules which compare dividends to net income for regulatorily-defined periods. For further information, see Note 25 of the Notes to Consolidated Financial Statements.

The Company is subject to a regulatory Liquidity Coverage Ratio ("LCR") requirement which requires banks to maintain an adequate level of unencumbered high quality liquid assets to meet estimated liquidity needs over a 30-day stressed period. At December 31, 2021, the Company was compliant with this requirement.

Beginning July 1, 2021, the Company is also subject to a regulatory Net Stable Funding Ratio ("NSFR") requirement which requires banks to maintain a minimum level of stable funding based on the liquidity characteristics of their assets, commitments, and derivative exposures over a one-year time horizon. At December 31, 2021, the Company was compliant with this requirement.

European Exposures The Company provides merchant processing and corporate trust services in Europe either directly or through banking affiliations in Europe. Revenue generated from sources in Europe represented approximately 2 percent of the Company's total net revenue for 2021. Operating cash for these businesses is deposited on a short-term basis typically with certain European central banks. For deposits placed at other European banks, exposure is mitigated by the Company placing deposits at multiple banks and managing the amounts on deposit at any bank based on institution-specific deposit limits. At December 31, 2021, the Company had an aggregate amount on deposit with European banks of approximately $9.8 billion, predominately with the Central Bank of Ireland and Bank of England.

In addition, the Company provides financing to domestic multinational corporations that generate revenue from customers in European countries, transacts with various European banks as counterparties to certain derivative-related activities, and through a subsidiary, manages money market funds that hold certain investments in European sovereign debt. Any deterioration in economic conditions in Europe is not expected to have a significant effect on the Company related to these activities.

Commitments, Contingent Liabilities and Other Contractual Obligations The Company participates in many different contractual arrangements which may or may not be recorded on its balance sheet, with unrelated or unconsolidated entities, under which the Company has an obligation to pay certain amounts, provide credit or liquidity enhancements or market risk support. These arrangements also include any obligation related to a variable interest held in an unconsolidated entity that provides financing, liquidity, credit enhancement or market risk support. The Company has not utilized private label asset securitizations as a source of funding.

In the ordinary course of business, the Company enters into contractual obligations that may require future cash payments, including funding for customer loan requests, customer deposit maturities and withdrawals, debt service, leases for premises and equipment, and other cash commitments including $3.3 billion of contractual interest payments at December 31, 2021. Refer to Notes 7, 12, 14, 17 and 23 in the Notes to Consolidated Financial Statements for information on the Company's operating lease obligations, deposits, long-term debt, benefit obligations and guarantees and other commitments, respectively.

Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. Many of the Company's commitments to extend credit expire without being drawn and, therefore, total commitment amounts do not necessarily represent future liquidity requirements or the Company's exposure to credit loss. Commitments to extend credit also include consumer credit lines that are cancelable upon notification to the consumer. Total contractual amounts of commitments to extend credit at December 31, 2021 were $355.1 billion. The Company also issues and confirms various types of letters of credit, including standby and commercial. Total contractual amounts of letters of credit at December 31, 2021 were $10.5 billion. For more information on the Company's commitments to extend credit and letters of credit, refer to Note 23 in the Notes to Consolidated Financial Statements.

The Company's off-balance sheet arrangements with unconsolidated entities primarily consist of private investment funds or partnerships that make equity investments, provide debt financing or support community-based investments in tax-advantaged projects. In addition to providing investment returns, these arrangements in many cases assist the Company in complying with requirements of the Community Reinvestment Act. The investments in these entities generate a return primarily through the realization of federal and state income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. The entities in which the Company invests are generally considered variable interest entities ("VIEs"). The Company's recorded investment in these entities, net of contractual equity investment commitments of $1.9 billion, was $2.6 billion at December 31, 2021.

The Company also has non-controlling financial investments in private funds and partnerships considered VIEs. The Company's recorded investment in these entities was approximately $40 million at December 31, 2021, and the Company had unfunded commitments to invest an additional $44 million. For more information on the Company's interests in unconsolidated VIEs, refer to Note 8 in the Notes to Consolidated Financial Statements.

Guarantees are contingent commitments issued by the Company to customers or other third parties requiring the Company to perform if certain conditions exist or upon the occurrence or nonoccurrence of a specified event, such as a scheduled payment to be made under contract. The Company's primary guarantees include commitments from securities lending activities in which indemnifications are provided to customers; indemnification or buy-back provisions related to sales of loans and tax credit investments; and merchant charge-back guarantees through the Company's involvement in providing merchant processing services. For certain guarantees, the Company may have access to collateral to support the guarantee, or through the exercise of other recourse provisions, be able to offset some or all of any payments made under these guarantees.

The Company and certain of its subsidiaries, along with other Visa U.S.A. Inc. member banks, have a contingent guarantee obligation to indemnify Visa Inc. for potential losses arising from antitrust lawsuits challenging the practices of Visa U.S.A. Inc. and MasterCard International. The indemnification by the Company and other Visa U.S.A. Inc. member banks has no maximum amount. Refer to Note 23 in the Notes to Consolidated Financial Statements for further details regarding guarantees, other commitments, and contingent liabilities, including maximum potential future payments and current carrying amounts.

Capital Management The Company is committed to managing capital to maintain strong protection for depositors and creditors and for maximum shareholder benefit. The Company continually assesses its business risks and capital position. The Company also manages its capital to exceed regulatory capital requirements for banking organizations. To achieve its capital goals, the Company employs a variety of capital management tools, including dividends, common share repurchases, and the issuance of subordinated debt, non-cumulative perpetual preferred stock, common stock and other capital instruments.

The Company repurchased approximately 28 million shares of its common stock in 2021, compared with approximately 31 million shares in 2020. The average price paid for the shares repurchased in 2021 was $54.18 per share, compared with $53.32 per share in 2020. Beginning in March of 2020 and continuing through the remainder of 2020, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve Board implemented measures beginning in the third quarter of 2020 and extending through the second quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions limited the aggregate amount of common stock dividends and share repurchases to an amount that did not exceed the average net income of the four preceding calendar quarters. Based on the results of the December 2020 Federal Reserve Board Stress Test, the Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its recently announced pending acquisition of MUFG Union Bank's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until the second half of 2022, or after the acquisition closes in order to build capital prior to the acquisition.

Based on the results of the 2021 Federal Reserve Board Annual Stress Test, the Company announced on September 14, 2021 that its Board of Directors had approved a regular quarterly dividend of $0.46 per common share. This represented a 9.5 percent increase over the previous dividend rate per common share of $0.42 per quarter.

The Company will continue to monitor its capital position and may adjust its capital distributions based on economic conditions and its financial performance. Capital distributions, including dividends and stock repurchases, are subject to the approval of the Company's Board of Directors and will align with regulatory requirements. For a more complete analysis of activities impacting shareholders' equity and capital management programs, refer to Note 15 of the Notes to Consolidated Financial Statements.

Total U.S. Bancorp shareholders' equity was $54.9 billion at December 31, 2021, compared with $53.1 billion at December 31, 2020. The increase was primarily the result of corporate earnings, partially offset by changes in unrealized gains and losses on available-for-sale investment securities included in other comprehensive income (loss), dividends and common share repurchases.

The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach. Under Basel III, banking regulators define minimum capital requirements for banks and financial services holding companies. These requirements are expressed in the form of a minimum common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio and a tier 1 total leverage exposure, or supplementary leverage, ratio. The Company's minimum required level for these ratios at December 31, 2021, which include a stress capital buffer of 2.5 percent for the common equity tier 1 capital, tier 1 capital and total capital ratios, was 7.0 percent, 8.5 percent, 10.5 percent, 4.0 percent, and 3.0 percent, respectively. The Company targets its regulatory capital levels, at both the bank and bank holding company level, to exceed the "well-capitalized" threshold for these ratios under the FDIC Improvement Act prompt corrective action provisions that are applicable to all banks. At December 31, 2021, the minimum "well-capitalized" thresholds under the prompt corrective action framework for the common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio, and tier 1 total leverage exposure ratio was 6.5 percent, 8.0 percent, 10.0 percent, 5.0 percent, and 3.0 percent, respectively. Beginning in 2020, the Company elected to adopt a rule issued in 2020 by its regulators which permits banking organizations who adopt accounting guidance related to the impairment of financial instruments based on the current expected credit losses ("CECL") methodology during 2020, the option to defer the impact of the effect of that guidance at adoption plus 25 percent of its quarterly credit reserve increases over the next two years on its regulatory capital requirements, followed by a three-year transition period to phase in the cumulative deferred impact. As of December 31, 2021, the Company's bank subsidiary met all regulatory capital ratios to be considered "well-capitalized". There are no conditions or events since December 31, 2021 that management believes have changed the risk-based category of its covered subsidiary bank.

As an approved mortgage seller and servicer, U.S. Bank National Association, through its mortgage banking division, is required to maintain various levels of shareholder's equity, as specified by various agencies, including the United States Department of Housing and Urban Development, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. At December 31, 2021, U.S. Bank National Association met these requirements.

TABLE 22 Regulatory Capital Ratios

At December 31 (Dollars in Millions)	2021	2020
Basel III standardized approach:		
Common equity tier 1 capital	$ 41,701	$ 38,045
Tier 1 capital	48,516	44,474
Total risk-based capital	56,250	52,602
Risk-weighted assets	418,571	393,648
Common equity tier 1 capital as a percent of risk-weighted assets	10.0%	9.7%
Tier 1 capital as a percent of risk-weighted assets	11.6	11.3
Total risk-based capital as a percent of risk-weighted assets	13.4	13.4
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.6	8.3
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.9	7.3

Table 22 provides a summary of statutory regulatory capital ratios in effect for the Company at December 31, 2021 and 2020. All regulatory ratios exceeded regulatory "well-capitalized" requirements.

The Company believes certain other capital ratios are useful in evaluating its capital adequacy. At December 31, 2021, the Company's tangible common equity, as a percent of tangible assets and as a percent of risk-weighted assets determined in accordance with transitional regulatory capital requirements related to the CECL methodology under the standardized approach, was 6.8 percent and 9.2 percent, respectively, compared with 6.9 percent and 9.5 percent at December 31, 2020, respectively. In addition, the Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology was 9.6 percent at December 31, 2021, compared with 9.3 percent at December 31, 2020. Refer to "Non-GAAP Financial Measures" beginning on page 60 for further information on these other capital ratios.

Line of Business Financial Review

The Company's major lines of business are Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance.

Basis for Financial Presentation Business line results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. Refer to Note 24 of the Notes to Consolidated Financial Statements for further information on the business lines' basis for financial presentation.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2021, certain organization and methodology changes were made and, accordingly, 2020 results were restated and presented on a comparable basis.

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients. Corporate and Commercial Banking contributed $1.6 billion of the Company's net income in 2021, or a decrease of $33 million (2.0 percent), compared with 2020.

Net revenue decreased $593 million (13.1 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $511 million (15.0 percent) in 2021, compared with 2020, primarily due to the impact of declining interest rates on the margin benefit from deposits as well as lower average loan balances, partially offset by favorable deposit mix with higher noninterest-bearing deposit balances and slightly higher loan spreads. Noninterest income decreased $82 million (7.3 percent) in 2021, compared with 2020, primarily driven by lower capital markets activities and trading revenue, partially offset by continued stronger treasury management fees due to core growth driven by the economic recovery.

Noninterest expense decreased $33 million (1.9 percent) in 2021, compared with 2020, primarily due to lower FDIC insurance expense and higher capitalized loan costs, partially offset by an increase in net shared services expense driven by investment in infrastructure and technology development. The provision for credit losses decreased $515 million (85.3 percent) in 2021, compared with 2020, primarily due to a decrease in the reserve allocation driven by improving portfolio credit quality in 2021, compared with deteriorating credit quality in 2020.

Consumer and Business Banking Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking. Consumer and Business Banking contributed $2.3 billion of the Company's net income in 2021, or a decrease of $103 million (4.3 percent), compared with 2020.

Net revenue decreased $358 million (4.0 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, increased $318 million (5.5 percent) in 2021, compared with 2020, reflecting continued strong growth in deposit balances as well as favorable deposit mix, favorable loan spreads driven by growth in installment loans, and higher loan fees driven by loan forgiveness related to the SBA's Paycheck Protection Program. These increases in net interest income were partially offset by lower deposit spreads and loan balances. Noninterest income decreased $676 million (21.3 percent) in 2021, compared with 2020, primarily due to lower mortgage banking revenue reflecting lower application volume and related gain on sale margins as refinancing activities declined, along with a reduction in the fair value of MSRs, net of hedging activities, partially offset by higher gains on GNMA loan sales and higher retail product fees driven by retail leasing end of term residual gains.

Noninterest expense increased $216 million (3.9 percent) in 2021, compared with 2020, primarily due to increases in net shared services expense due to investments in digital capabilities and higher compensation expense related to merit increases, business growth and revenue-related compensation driven by business production. The provision for credit losses decreased $435 million in 2021, compared with 2020, due to a decrease in the reserve allocation reflecting improved credit quality in the current year.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services. Wealth Management and Investment Services contributed $837 million of the Company's net income in 2021, or a decrease of $104 million (11.1 percent), compared with 2020.

Net revenue decreased $45 million (1.4 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $244 million (19.6 percent) in 2021, compared with 2020, primarily due to the declining margin benefit from deposits, partially offset by higher noninterest-bearing deposit balances driving favorable deposit mix, as well as higher average loan balances. Noninterest income increased $199 million (9.8 percent) in 2021, compared with 2020, primarily due to core business growth in trust and investment management fees and investment products fees, both driven by favorable market conditions, partially offset by higher fee waivers related to money market funds.

Noninterest expense increased $86 million (4.4 percent) in 2021, compared with 2020, reflecting higher compensation expense as a result of merit increases, higher performance-based incentives related to investment sales volumes and core business growth, and an increase in net shared services expense, partially offset by lower other noninterest expense due to the allocation to the business line of previously reserved legal matters in 2020. The provision for credit losses increased $7 million (17.5 percent) in 2021, compared with 2020, due to increased loan loss provisions supporting stronger balance sheet growth in 2021 compared to 2020.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing. Payment Services contributed $1.7 billion of the Company's net income in 2021, or an increase of $420 million (32.3 percent), compared with 2020.

Net revenue increased $322 million (5.7 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $104 million (4.1 percent) in 2021, compared with 2020, primarily due to lower loan balances and yields driven by higher credit card payment rates by customers. Noninterest income increased $426 million (13.6 percent) in 2021, compared with 2020, mainly due to continued strengthening of consumer and business spending across most sectors driven by government stimulus, local jurisdictions reducing restrictions and consumer behaviors normalizing. As a result, there was strong growth in merchant processing services revenue driven by increased sales volume and higher merchant fees, partially offset by higher rebates. There was also solid growth in corporate payment products revenue driven by improving business spending across all product groups. Credit and debit card revenue increased, driven by stronger sales volume and fee activity.

Noninterest expense increased $93 million (2.8 percent) in 2021, compared with 2020, due to lower marketing costs during 2020 reflecting the timing of marketing campaigns, along with incremental costs related to the prepaid card business in 2021. The provision for credit losses decreased $332 million (48.8 percent) in 2021, compared with 2020, primarily driven by improved credit quality in 2021.

TABLE 23 Line of Business Financial Performance

Year Ended December 31 (Dollars in Millions)	Corporate and Commercial Banking 2021	2020	Percent Change	Consumer and Business Banking 2021	2020	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,900	$ 3,411	(15.0)%	$ 6,077	$ 5,759	5.5%
Noninterest income	1,035	1,117	(7.3)	2,501	3,177	(21.3)
Total net revenue	3,935	4,528	(13.1)	8,578	8,936	(4.0)
Noninterest expense	1,678	1,711	(1.9)	5,690	5,470	4.0
Other intangibles	—	—	—	12	16	(25.0)
Total noninterest expense	1,678	1,711	(1.9)	5,702	5,486	3.9
Income before provision and income taxes	2,257	2,817	(19.9)	2,876	3,450	(16.6)
Provision for credit losses	89	604	(85.3)	(144)	291	*
Income (loss) before income taxes	2,168	2,213	(2.0)	3,020	3,159	(4.4)
Income taxes and taxable-equivalent adjustment	542	554	(2.2)	755	791	(4.6)
Net income (loss)	1,626	1,659	(2.0)	2,265	2,368	(4.3)
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	$ 1,626	$ 1,659	(2.0)	$ 2,265	$ 2,368	(4.3)
Average Balance Sheet						
Commercial	$ 78,351	$ 89,841	(12.8)%	$ 8,656	$ 9,127	(5.2)%
Commercial real estate	24,819	25,692	(3.4)	10,944	11,977	(8.6)
Residential mortgages	26	19	36.8	67,442	67,981	(.8)
Credit card	—	—	—	—	—	—
Other retail	12	11	9.1	54,040	52,174	3.6
Total loans	103,208	115,563	(10.7)	141,082	141,259	(.1)
Goodwill	1,715	1,647	4.1	3,428	3,500	(2.1)
Other intangible assets	5	6	(16.7)	2,760	2,105	31.1
Assets	115,194	128,038	(10.0)	161,571	159,191	1.5
Noninterest-bearing deposits	61,272	44,309	38.3	33,855	30,467	11.1
Interest checking	14,306	14,359	(.4)	69,718	55,512	25.6
Savings products	47,815	54,578	(12.4)	75,404	62,702	20.3
Time deposits	9,125	19,201	(52.5)	13,312	13,322	(.1)
Total deposits	132,518	132,447	.1	192,289	162,003	18.7
Total U.S. Bancorp shareholders' equity	13,928	15,063	(7.5)	12,337	12,739	(3.2)

* *Not meaningful*

Wealth Management and Investment Services			Payment Services			Treasury and Corporate Support			Consolidated Company		
2021	2020	Percent Change	2021	2020	Percent Change	2021	2020	Percent Change	2021	2020	Percent Change
$ 1,002	$ 1,246	(19.6)%	$ 2,458	$ 2,562	(4.1)%	$ 163	$ (54)	*%	$ 12,600	$ 12,924	(2.5)%
2,221	2,022	9.8	3,550	3,124	13.6	920	961	(4.3)	10,227	10,401	(1.7)
3,223	3,268	(1.4)	6,008	5,686	5.7	1,083	907	19.4	22,827	23,325	(2.1)
2,045	1,961	4.3	3,231	3,123	3.5	925	928	(.3)	13,569	13,193	2.8
14	12	16.7	133	148	(10.1)	—	—	—	159	176	(9.7)
2,059	1,973	4.4	3,364	3,271	2.8	925	928	(.3)	13,728	13,369	2.7
1,164	1,295	(10.1)	2,644	2,415	9.5	158	(21)	*	9,099	9,956	(8.6)
47	40	17.5	349	681	(48.8)	(1,514)	2,190	*	(1,173)	3,806	*
1,117	1,255	(11.0)	2,295	1,734	32.4	1,672	(2,211)	*	10,272	6,150	67.0
280	314	(10.8)	575	434	32.5	135	(928)	*	2,287	1,165	96.3
837	941	(11.1)	1,720	1,300	32.3	1,537	(1,283)	*	7,985	4,985	60.2
—	—	—	—	—	—	(22)	(26)	15.4	(22)	(26)	15.4
$ 837	$ 941	(11.1)	$ 1,720	$ 1,300	32.3	$ 1,515	$ (1,309)	*	$ 7,963	$ 4,959	60.6
$ 5,407	$ 4,755	13.7%	$ 9,004	$ 8,936	.8%	$ 1,437	$ 1,308	9.9%	$102,855	$113,967	(9.8)%
735	738	(.4)	—	—	—	2,283	2,141	6.6	38,781	40,548	(4.4)
7,159	5,664	26.4	—	—	—	2	3	(33.3)	74,629	73,667	1.3
—	—	—	21,645	22,332	(3.1)	—	—	—	21,645	22,332	(3.1)
4,796	4,299	11.6	207	271	(23.6)	—	—	—	59,055	56,755	4.1
18,097	15,456	17.1	30,856	31,539	(2.2)	3,722	3,452	7.8	296,965	307,269	(3.4)
1,628	1,617	.7	3,185	3,060	4.1	—	—	—	9,956	9,824	1.3
84	39	*	508	581	(12.6)	—	—	—	3,357	2,731	22.9
21,236	18,564	14.4	36,553	36,497	.2	221,978	188,917	17.5	556,532	531,207	4.8
24,587	17,149	43.4	4,861	4,351	11.7	2,629	2,263	16.2	127,204	98,539	29.1
18,605	14,147	31.5	—	—	—	569	258	*	103,198	84,276	22.5
55,243	59,768	(7.6)	145	120	20.8	780	760	2.6	179,387	177,928	.8
1,770	3,610	(51.0)	—	1	*	285	1,738	(83.6)	24,492	37,872	(35.3)
100,205	94,674	5.8	5,006	4,472	11.9	4,263	5,019	(15.1)	434,281	398,615	8.9
3,154	2,936	7.4	7,643	7,462	2.4	16,748	14,046	19.2	53,810	52,246	3.0

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded net income of $1.5 billion in 2021, compared with a net loss of $1.3 billion in 2020.

Net revenue increased $176 million (19.4 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, increased $217 million in 2021, compared with 2020, due to favorable funding and deposit mix. Noninterest income decreased $41 million (4.3 percent) in 2021, compared with 2020, reflecting lower securities gains and changes in other noninterest income due to lower equity investment income and lower gains on sales of businesses in 2021, offset by the impact of asset impairments in 2020 as a result of branch closures.

Noninterest expense decreased $3 million (0.3 percent) in 2021, compared with 2020, primarily due to lower COVID-19 related expenses compared with the prior year, including recognizing liabilities related to future delivery exposures for merchant and airline processing, lower net shared services expense, lower amortization related to tax-advantaged investments and lower severance and other accruals. These decreases were partially offset by higher compensation expense as a result of higher performance-based incentives and merit increases, as well as higher employee benefits driven by higher medical claims. The provision for credit losses was $3.7 billion lower in 2021, compared with 2020, reflecting the residual impact of changes in the allowance for credit losses being impacted by improving economic conditions in the current year, compared to deteriorating conditions in the prior year.

Income taxes are assessed to each line of business at a managerial tax rate of 25.0 percent with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

Non-GAAP Financial Measures

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

– Tangible common equity to tangible assets,

– Tangible common equity to risk-weighted assets, and

– Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology.

These capital measures are viewed by management as useful additional methods of evaluating the Company's utilization of its capital held and the level of capital available to withstand unexpected negative market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in banking regulations. In addition, certain of these measures differ from currently effective capital ratios defined by banking regulations principally in that the currently effective ratios, which are subject to certain transitional provisions, temporarily exclude the impact of the 2020 adoption of accounting guidance related to impairment of financial instruments based on the CECL methodology. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. Management believes this information helps investors assess trends in the Company's capital adequacy.

The Company also discloses net interest income and related ratios and analysis on a taxable-equivalent basis, which may also be considered non-GAAP financial measures. The Company believes this presentation to be the preferred industry measurement of net interest income as it provides a relevant comparison of net interest income arising from taxable and tax-exempt sources. In addition, certain performance measures, including the efficiency ratio and net interest margin utilize net interest income on a taxable-equivalent basis.

There may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this report in their entirety, and not to rely on any single financial measure.

The following table shows the Company's calculation of these non-GAAP financial measures:

At December 31 (Dollars in Millions)	2021	2020
Total equity	$ 55,387	$ 53,725
Preferred stock	(6,371)	(5,983)
Noncontrolling interests	(469)	(630)
Goodwill (net of deferred tax liability)[1]	(9,323)	(9,014)
Intangible assets, other than mortgage servicing rights	(785)	(654)
Tangible common equity[a]	38,439	37,444
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the CECL methodology implementation	41,701	38,045
Adjustments[2]	(1,733)	(1,733)
Common equity tier 1 capital, reflecting the full implementation of the CECL methodology[b]	39,968	36,312
Total assets	573,284	553,905
Goodwill (net of deferred tax liability)[1]	(9,323)	(9,014)
Intangible assets, other than mortgage servicing rights	(785)	(654)
Tangible assets[c]	563,176	544,237
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company[d]	418,571	393,648
Adjustments[3]	(357)	(1,471)
Risk-weighted assets, reflecting the full implementation of the CECL methodology[e]	418,214	392,177
Ratios		
Tangible common equity to tangible assets[a]/[c]	6.8%	6.9%
Tangible common equity to risk-weighted assets[a]/[d]	9.2	9.5
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology[b]/[e]	9.6	9.3

	Year Ended December 31		
	2021	2020	2019
Net interest income	$ 12,494	$ 12,825	$ 13,052
Taxable-equivalent adjustment[4]	106	99	103
Net interest income, on a taxable-equivalent basis	12,600	12,924	13,155
Net interest income, on a taxable-equivalent basis (as calculated above)	12,600	12,924	13,155
Noninterest income	10,227	10,401	9,831
Less: Securities gains (losses), net	103	177	73
Total net revenue, excluding net securities gains (losses)[f]	22,724	23,148	22,913
Noninterest expense[g]	13,728	13,369	12,785
Efficiency ratio[g]/[f]	60.4%	57.8%	55.8%

	Year Ended December 31, 2021		
	Net Revenue	Net Revenue as a Percent of the Consolidated Company	Net Revenue as a Percent of the Consolidated Company Excluding Treasury and Corporate Support
Corporate and Commercial Banking	$ 3,935	17%	18%
Consumer and Business Banking	8,578	38	39
Wealth Management and Investment Services	3,223	14	15
Payment Services	6,008	26	28
Treasury and Corporate Support	1,083	5	
Consolidated Company	22,827	100%	
Less: Treasury and Corporate Support	1,083		
Consolidated Company excluding Treasury and Corporate Support	$ 21,744		100%

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

(2) Includes the estimated increase in the allowance for credit losses related to the adoption of the CECL methodology net of deferred taxes.

(3) Includes the impact of the estimated increase in the allowance for credit losses related to the adoption of the CECL methodology.

(4) Based on federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

Accounting Changes

Note 2 of the Notes to Consolidated Financial Statements discusses accounting standards recently issued but not yet required to be adopted and the expected impact of these changes in accounting standards. To the extent the adoption of new accounting standards materially affects the Company's financial condition or results of operations, the impacts are discussed in the applicable section(s) of the Management's Discussion and Analysis and the Notes to Consolidated Financial Statements.

Critical Accounting Policies

The accounting and reporting policies of the Company comply with accounting principles generally accepted in the United States and conform to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. The Company's financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding the Company's financial statements. Critical accounting policies are those policies management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information (including third-party sources or available prices), sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under GAAP. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee.

Significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements. Those policies considered to be critical accounting policies are described below.

Allowance for Credit Losses Management's evaluation of the appropriate allowance for credit losses is often the most critical of all the accounting estimates for a banking institution. It is an inherently subjective process impacted by many factors as discussed throughout the Management's Discussion and Analysis section of the Annual Report.

The methods utilized to estimate the allowance for credit losses, key assumptions and quantitative and qualitative information considered by management in determining the appropriate allowance for credit losses at December 31, 2021 are discussed in the "Credit Risk Management" section. Although methodologies utilized to determine each element of the allowance reflect management's assessment of credit risk, imprecision exists in these measurement tools due in part to subjective judgments involved and an inherent lag in the data available to quantify current conditions and events that affect credit loss reserve estimates.

Given the many quantitative variables and subjective factors affecting the credit portfolio, changes in the allowance for credit losses may not directly coincide with changes in the risk ratings of the credit portfolio reflected in the risk rating process. This is in part due to the timing of the risk rating process in relation to changes in the business cycle, the exposure and mix of loans within risk rating categories, levels of nonperforming loans and the timing of charge-offs and expected recoveries. The allowance for credit losses on commercial lending segment loans measures the expected loss content on the remaining portfolio exposure, while nonperforming loans and net charge-offs are measures of specific impairment events that have already been confirmed. Therefore, the degree of change in the forward-looking expected loss in the commercial lending allowance may differ from the level of changes in nonperforming loans and net charge-offs. Management maintains an appropriate allowance for credit losses by updating allowance rates to reflect changes in expected losses, including expected changes in economic or business cycle conditions. Some factors considered in determining the appropriate allowance for credit losses are more readily quantifiable while other factors require extensive qualitative judgment in determining the overall level of the allowance for credit losses.

The Company considers a range of economic scenarios in its determination of the allowance for credit losses. These scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses, and also the expectation that conditions will eventually normalize over the longer run. Scenarios worse than the Company's expected outcome at December 31, 2021 include risks that government stimulus in response to the COVID-19 pandemic is less effective than expected, or that a longer or more severe health crisis prolongs the downturn in economic activity, potentially reducing the number of businesses that are ultimately able to continue operations after the crisis has passed.

Under the range of economic scenarios considered, the allowance for credit losses would have been lower by $832 million or higher by $1.5 billion. This range reflects the sensitivity of the allowance for credit losses specifically related to the scenarios and weights considered as of December 31, 2021, and does not consider other potential adjustments that could increase or decrease loss estimates calculated using alternative economic scenarios.

Because several quantitative and qualitative factors are considered in determining the allowance for credit losses, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the allowance for credit losses. They are intended to provide insights into the impact of adverse changes in the economy on the Company's modeled loss estimates for the loan portfolio and do not imply any expectation of future deterioration in the risk rating or loss rates. Given current

processes employed by the Company, management believes the risk ratings and loss model estimates currently assigned are appropriate. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions that could be significant to the Company's financial statements. Refer to the "Analysis and Determination of the Allowance for Credit Losses" section for further information.

Fair Value Estimates A portion of the Company's assets and liabilities are carried at fair value on the Consolidated Balance Sheet, with changes in fair value recorded either through earnings or other comprehensive income (loss) in accordance with applicable accounting principles generally accepted in the United States. These include all of the Company's available-for-sale investment securities, derivatives and other trading instruments, MSRs and MLHFS. The estimation of fair value also affects other loans held for sale, which are recorded at the lower-of-cost-or-fair value. The determination of fair value is important for certain other assets that are periodically evaluated for impairment using fair value estimates, including goodwill and other intangible assets, impaired loans, OREO and other repossessed assets.

Fair value is generally defined as the exit price at which an asset or liability could be exchanged in a current transaction between willing, unrelated parties, other than in a forced or liquidation sale. Fair value is based on quoted market prices in an active market, or if market prices are not available, is estimated using models employing techniques such as matrix pricing or discounting expected cash flows. The significant assumptions used in the models, which include assumptions for interest rates, discount rates, prepayments and credit losses, are independently verified against observable market data where possible. Where observable market data is not available, the estimate of fair value becomes more subjective and involves a high degree of judgment. In this circumstance, fair value is estimated based on management's judgment regarding the value that market participants would assign to the asset or liability. This valuation process takes into consideration factors such as market illiquidity. Imprecision in estimating these factors can impact the amount recorded on the balance sheet for a particular asset or liability with related impacts to earnings or other comprehensive income (loss).

When available, trading and available-for-sale securities are valued based on quoted market prices. However, certain securities are traded less actively and, therefore, quoted market prices may not be available. The determination of fair value may require benchmarking to similar instruments or performing a discounted cash flow analysis using estimates of future cash flows and prepayment, interest and default rates. For more information on investment securities, refer to Note 5 of the Notes to Consolidated Financial Statements.

As few derivative contracts are listed on an exchange, the majority of the Company's derivative positions are valued using valuation techniques that use readily observable market inputs. Certain derivatives, however, must be valued using techniques that include unobservable inputs. For these instruments, the significant assumptions must be estimated and, therefore, are subject to judgment. Note 20 of the Notes to Consolidated Financial Statements provides a summary of the Company's derivative positions.

Refer to Note 22 of the Notes to Consolidated Financial Statements for additional information regarding estimations of fair value.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained, or may be purchased from others. The Company records MSRs at fair value. Because MSRs do not trade in an active market with readily observable prices, the Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings during the period in which they occur. Risks inherent in the valuation of MSRs include higher than expected prepayment rates and/or delayed receipt of cash flows. The Company utilizes derivatives, including interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures, to mitigate the valuation risk. Refer to Notes 10 and 22 of the Notes to Consolidated Financial Statements for additional information on the assumptions used in determining the fair value of MSRs and an analysis of the sensitivity to changes in interest rates of the fair value of the MSRs portfolio and the related derivative instruments used to mitigate the valuation risk.

Income Taxes The Company estimates income tax expense based on amounts expected to be owed to the various tax jurisdictions in which it operates, including federal, state and local domestic jurisdictions, and an insignificant amount to foreign jurisdictions. The estimated income tax expense is reported in the Consolidated Statement of Income. Accrued taxes are reported in other assets or other liabilities on the Consolidated Balance Sheet and represent the net estimated amount due to or to be received from taxing jurisdictions either currently or deferred to future periods. Deferred taxes arise from differences between assets and liabilities measured for financial reporting purposes versus income tax reporting purposes. Deferred tax assets are recognized if, in management's judgment, their realizability is determined to be more likely than not. Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit management believes is more likely than not to be realized upon settlement. In estimating accrued taxes, the Company assesses the relative merits and risks of the appropriate tax treatment considering statutory, judicial and regulatory guidance in the context of the tax position. Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment given specific facts and circumstances. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions regarding the estimated amounts of accrued taxes.

Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by various taxing authorities, and newly enacted statutory, judicial and regulatory guidance that impacts the relative merits and risks of tax positions. These changes, when they occur, affect accrued taxes and can be significant to the operating results of the Company. Refer to Note 19 of the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Controls and Procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

During the most recently completed fiscal quarter, there was no change made in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The annual report of the Company's management on internal control over financial reporting is provided on page 65. The audit report of Ernst & Young LLP, the Company's independent accountants, regarding the Company's internal control over financial reporting is provided on page 68.

Report of Management

Responsibility for the financial statements and other information presented throughout this Annual Report rests with the management of U.S. Bancorp. The Company believes the consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and present the substance of transactions based on the circumstances and management's best estimates and judgment.

In meeting its responsibilities for the reliability of the financial statements, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as defined by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of publicly filed financial statements in accordance with accounting principles generally accepted in the United States.

To test compliance, the Company carries out an extensive audit program. This program includes a review for compliance with written policies and procedures and a comprehensive review of the adequacy and effectiveness of the system of internal control. Although control procedures are designed and tested, it must be recognized that there are limits inherent in all systems of internal control and, therefore, errors and irregularities may nevertheless occur. Also, estimates and judgments are required to assess and balance the relative cost and expected benefits of the controls. Projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board of Directors of the Company has an Audit Committee composed of directors who are independent of U.S. Bancorp. The Audit Committee meets periodically with management, the internal auditors and the independent accountants to consider audit results and to discuss internal accounting control, auditing and financial reporting matters.

Management assessed the effectiveness of the Company's system of internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its Internal Control-Integrated Framework (2013 framework). Based on our assessment and those criteria, management believes the Company designed and maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent registered accountants, Ernst & Young LLP, have been engaged to render an independent professional opinion on the financial statements and issue an audit report on the Company's internal control over financial reporting. Their opinion on the financial statements appearing on pages 66 and 67 and their audit report on internal control over financial reporting appearing on page 68 are based on procedures conducted in accordance with auditing standards of the Public Company Accounting Oversight Board (United States).

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of U.S. Bancorp (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company changed its method for accounting for credit losses in 2020.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses

Description of the Matter	The Company's loan and lease portfolio and the associated allowance for credit losses (ACL), were $312.0 billion and $6.2 billion as of December 31, 2021, respectively. The provision for credit losses was a benefit of $1.2 billion for the year ended December 31, 2021. As discussed in Notes 1 and 6 to the financial statements, the ACL is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments, by utilizing forward-looking expected loss models. When determining expected losses, the Company uses multiple probability weighted economic scenarios over a reasonable and supportable forecast period and then fully reverts to historical loss experience to estimate losses over the remaining asset lives. Model estimates are adjusted to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices or economic conditions that would affect the accuracy of the model. Additionally, management may adjust ACL for other qualitative factors such as model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolio segments, or changes in portfolio concentrations.

Auditing management's ACL estimate and related provision for credit losses was complex due to the highly judgmental nature of the probability weighted economic scenarios, expected loss models, as well as model and qualitative factor adjustments.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's process for establishing the ACL, including management's controls over: 1) selection and implementation of forward-looking economic scenarios and the probability weights assigned to them; 2) expected loss models, including model validation, implementation, monitoring, the completeness and accuracy of key inputs and assumptions used in the models, and management's output assessment and related adjustments; 3) adjustments to reflect management's consideration of qualitative factors; 4) the ACL methodology and governance process.

With the support of specialists, we assessed the economic scenarios and related probability weights by, among other procedures, evaluating management's methodology and agreeing a sample of key economic variables used to external sources. We also performed and considered the results of various sensitivity analyses and analytical procedures, including comparison of a sample of the key economic variables to alternative external sources, historical statistics and peer bank information.

With respect to expected loss models, with the support of specialists, we evaluated model calculation design and reperformed the calculation for a sample of models. We also tested the appropriateness of key inputs and assumptions used in these models by agreeing a sample of inputs to internal sources. As to model adjustments, with the support of specialists, we evaluated management's estimate methodology and assessment of factors that could potentially impact the accuracy of expected loss models. We also recalculated a sample of model adjustments and tested internal and external data used by agreeing a sample of inputs to internal and external sources.

Regarding the completeness of qualitative factors identified and incorporated into measuring the ACL, we evaluated the potential impact of imprecision in the expected loss models and economic scenario assumptions; emerging risks related to changes in the environment impacting specific portfolio segments and portfolio concentrations. We also evaluated and tested internal and external data used in the qualitative adjustments by agreeing significant inputs and underlying data to internal and external sources.

We evaluated the overall ACL amount, including model estimates and adjustments, qualitative factors adjustments, and whether the recorded ACL appropriately reflects expected credit losses on the loan and lease portfolio and unfunded credit commitments. We reviewed historical loss statistics, peer-bank information, subsequent events and transactions and considered whether they corroborate or contradict the Company's measurement of the ACL. We searched for and evaluated information that corroborates or contradicts management's forecasted assumptions and related probability weights as well as identification and measurement of adjustments to model estimates and qualitative factors.

Ernst + Young LLP

We have served as the Company's auditor since 2003.

Minneapolis, Minnesota
February 22, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on Internal Control over Financial Reporting

We have audited U.S. Bancorp's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, U.S. Bancorp (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst + Young LLP

Minneapolis, Minnesota
February 22, 2022

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U.S. Bancorp
Consolidated Balance Sheet

At December 31 (Dollars in Millions)	2021	2020
Assets		
Cash and due from banks	$ 28,905	$ 62,580
Investment securities		
Held-to-maturity (2021 fair value $41,812)	41,858	–
Available-for-sale ($557 and $402 pledged as collateral, respectively)[a]	132,963	136,840
Loans held for sale (including $6,623 and $8,524 of mortgage loans carried at fair value, respectively)	7,775	8,761
Loans		
Commercial	112,023	102,871
Commercial real estate	39,053	39,311
Residential mortgages	76,493	76,155
Credit card	22,500	22,346
Other retail	61,959	57,024
Total loans	312,028	297,707
Less allowance for loan losses	(5,724)	(7,314)
Net loans	306,304	290,393
Premises and equipment	3,305	3,468
Goodwill	10,262	9,918
Other intangible assets	3,738	2,864
Other assets (including $1,193 and $1,255 of trading securities at fair value pledged as collateral, respectively)[a]	38,174	39,081
Total assets	$573,284	$553,905
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$134,901	$118,089
Interest-bearing	321,182	311,681
Total deposits	456,083	429,770
Short-term borrowings	11,796	11,766
Long-term debt	32,125	41,297
Other liabilities	17,893	17,347
Total liabilities	517,897	500,180
Shareholders' equity		
Preferred stock	6,371	5,983
Common stock, par value $0.01 a share — authorized: 4,000,000,000 shares; issued: 2021 and 2020 — 2,125,725,742 shares	21	21
Capital surplus	8,539	8,511
Retained earnings	69,201	64,188
Less cost of common stock in treasury: 2021 — 642,223,571 shares; 2020 — 618,618,084 shares	(27,271)	(25,930)
Accumulated other comprehensive income (loss)	(1,943)	322
Total U.S. Bancorp shareholders' equity	54,918	53,095
Noncontrolling interests	469	630
Total equity	55,387	53,725
Total liabilities and equity	$573,284	$553,905

(a) Includes only collateral pledged by the Company where counterparties have the right to sell or pledge the collateral.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Income

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2021	2020	2019
Interest Income			
Loans	$10,747	$12,018	$14,099
Loans held for sale	232	216	162
Investment securities	2,365	2,428	2,893
Other interest income	143	178	340
Total interest income	13,487	14,840	17,494
Interest Expense			
Deposits	320	950	2,855
Short-term borrowings	70	141	360
Long-term debt	603	924	1,227
Total interest expense	993	2,015	4,442
Net interest income	12,494	12,825	13,052
Provision for credit losses	(1,173)	3,806	1,504
Net interest income after provision for credit losses	13,667	9,019	11,548
Noninterest Income			
Credit and debit card revenue	1,507	1,338	1,413
Corporate payment products revenue	575	497	664
Merchant processing services	1,449	1,261	1,601
Trust and investment management fees	1,832	1,736	1,673
Deposit service charges	724	677	909
Treasury management fees	614	568	578
Commercial products revenue	1,102	1,143	934
Mortgage banking revenue	1,361	2,064	874
Investment products fees	239	192	186
Securities gains (losses), net	103	177	73
Other	721	748	926
Total noninterest income	10,227	10,401	9,831
Noninterest Expense			
Compensation	7,299	6,635	6,325
Employee benefits	1,429	1,303	1,286
Net occupancy and equipment	1,048	1,092	1,123
Professional services	492	430	454
Marketing and business development	366	318	426
Technology and communications	1,454	1,294	1,095
Postage, printing and supplies	274	288	290
Other intangibles	159	176	168
Other	1,207	1,833	1,618
Total noninterest expense	13,728	13,369	12,785
Income before income taxes	10,166	6,051	8,594
Applicable income taxes	2,181	1,066	1,648
Net income	7,985	4,985	6,946
Net (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Net income applicable to U.S. Bancorp common shareholders	$ 7,605	$ 4,621	$ 6,583
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	$ 5.10	$ 3.06	$ 4.16
Average common shares outstanding	1,489	1,509	1,581
Average diluted common shares outstanding	1,490	1,510	1,583

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Comprehensive Income

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Net income	$ 7,985	$4,985	$6,946
Other Comprehensive Income (Loss)			
Changes in unrealized gains (losses) on investment securities available-for-sale	(3,698)	2,905	1,693
Unrealized gains (losses) on held-to-maturity investment securities transferred to available-for-sale	–	–	141
Changes in unrealized gains (losses) on derivative hedges	125	(194)	(229)
Foreign currency translation	35	2	26
Changes in unrealized gains (losses) on retirement plans	400	(401)	(380)
Reclassification to earnings of realized (gains) losses	104	(42)	20
Income taxes related to other comprehensive income (loss)	769	(575)	(322)
Total other comprehensive income (loss)	(2,265)	1,695	949
Comprehensive income	5,720	6,680	7,895
Comprehensive (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Comprehensive income attributable to U.S. Bancorp	$ 5,698	$6,654	$7,863

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Shareholders' Equity

(Dollars and Shares in Millions, Except Per Share Data)	U.S. Bancorp Shareholders									
	Common Shares Outstanding	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total U.S. Bancorp Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance December 31, 2018	1,608	$ 5,984	$21	$8,469	$59,065	$(20,188)	$ (2,322)	$51,029	$ 628	$51,657
Changes in accounting principle					2			2		2
Net income (loss)					6,914			6,914	32	6,946
Other comprehensive income (loss)							949	949		949
Preferred stock dividends[a]					(302)			(302)		(302)
Common stock dividends ($1.58 per share)					(2,493)			(2,493)		(2,493)
Issuance of common and treasury stock	7			(174)		263		89		89
Purchase of treasury stock	(81)					(4,515)		(4,515)		(4,515)
Distributions to noncontrolling interests								–	(31)	(31)
Net other changes in noncontrolling interests								–	1	1
Stock option and restricted stock grants				180				180		180
Balance December 31, 2019	1,534	$ 5,984	$21	$8,475	$63,186	$(24,440)	$ (1,373)	$51,853	$ 630	$52,483
Change in accounting principle[b]					(1,099)			(1,099)		(1,099)
Net income (loss)					4,959			4,959	26	4,985
Other comprehensive income (loss)							1,695	1,695		1,695
Preferred stock dividends[c]					(304)			(304)		(304)
Common stock dividends ($1.68 per share)					(2,541)			(2,541)		(2,541)
Issuance of preferred stock		486						486		486
Call of preferred stock		(487)			(13)			(500)		(500)
Issuance of common and treasury stock	4			(154)		171		17		17
Purchase of treasury stock	(31)					(1,661)		(1,661)		(1,661)
Distributions to noncontrolling interests								–	(25)	(25)
Net other changes in noncontrolling interests								–	(1)	(1)
Stock option and restricted stock grants				190				190		190
Balance December 31, 2020	1,507	$ 5,983	$21	$8,511	$64,188	$(25,930)	$ 322	$53,095	$ 630	$53,725
Net income (loss)					7,963			7,963	22	7,985
Other comprehensive income (loss)							(2,265)	(2,265)		(2,265)
Preferred stock dividends[d]					(303)			(303)		(303)
Common stock dividends ($1.76 per share)					(2,630)			(2,630)		(2,630)
Issuance of preferred stock		2,221						2,221		2,221
Call and redemption of preferred stock		(1,833)			(17)			(1,850)		(1,850)
Issuance of common and treasury stock	5			(169)		215		46		46
Purchase of treasury stock	(28)					(1,556)		(1,556)		(1,556)
Distributions to noncontrolling interests								–	(20)	(20)
Purchase of noncontrolling interests								–	(167)	(167)
Net other changes in noncontrolling interests								–	4	4
Stock option and restricted stock grants				197				197		197
Balance December 31, 2021	1,484	$ 6,371	$21	$8,539	$69,201	$(27,271)	($ 1,943)	$54,918	$ 469	$55,387

(a) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J and Series K Non-Cumulative Perpetual Preferred Stock of $3,654.95, $887.15, $1,625.00, $1,287.52, $1,281.25, $1,325.00 and $1,375.00, respectively.

(b) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses. Upon adoption, the Company increased its allowance for credit losses and reduced retained earnings net of deferred taxes through a cumulative-effect adjustment.

(c) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J, Series K and Series L Non-Cumulative Perpetual Preferred Stock of $3,558.332, $889.58, $1,625.00, $1,287.52, $1,281.25, $1,325.00, $1,375.00 and $203.13, respectively.

(d) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series I, Series J, Series K, Series L, Series M and Series N Non-Cumulative Perpetual Preferred Stock of $3,548.61, $887.153, $1,625.00, $232.953, $1,325.00, $1,375.00, $937.50, $952.778 and $202.986, respectively.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Operating Activities			
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	(1,173)	3,806	1,504
Depreciation and amortization of premises and equipment	338	351	334
Amortization of intangibles	159	176	168
(Gain) loss on sale of loans held for sale	(1,135)	(2,193)	(762)
(Gain) loss on sale of securities and other assets	(398)	(344)	(469)
Loans originated for sale, net of repayments	(72,627)	(67,449)	(36,561)
Proceeds from sales of loans held for sale	74,315	65,468	33,303
Other, net	2,428	(1,058)	458
Net cash provided by operating activities	9,870	3,716	4,889
Investing Activities			
Proceeds from sales of available-for-sale investment securities	16,075	15,596	11,252
Proceeds from maturities of held-to-maturity investment securities	1,093	–	9,137
Proceeds from maturities of available-for-sale investment securities	41,199	40,639	11,454
Purchases of held-to-maturity investment securities	(1,088)	–	(6,701)
Purchases of available-for-sale investment securities	(99,045)	(68,662)	(33,814)
Net (increase) decrease in loans outstanding	(17,459)	6,350	(9,871)
Proceeds from sales of loans	6,183	2,250	2,899
Purchases of loans	(4,466)	(11,622)	(3,805)
Net decrease (increase) in securities purchased under agreements to resell	18	645	(816)
Other, net	3	(636)	(1,295)
Net cash used in investing activities	(57,487)	(15,440)	(21,560)
Financing Activities			
Net increase in deposits	26,313	67,854	16,441
Net increase (decrease) in short-term borrowings	30	(11,957)	9,584
Proceeds from issuance of long-term debt	2,626	14,501	9,899
Principal payments or redemption of long-term debt	(11,432)	(14,476)	(11,119)
Proceeds from issuance of preferred stock	2,221	486	–
Proceeds from issuance of common stock	43	15	88
Repurchase of preferred stock	(1,250)	–	–
Repurchase of common stock	(1,555)	(1,672)	(4,525)
Cash dividends paid on preferred stock	(308)	(300)	(302)
Cash dividends paid on common stock	(2,579)	(2,552)	(2,443)
Purchase of noncontrolling interests	(167)	–	–
Net cash provided by financing activities	13,942	51,899	17,623
Change in cash and due from banks	(33,675)	40,175	952
Cash and due from banks at beginning of period	62,580	22,405	21,453
Cash and due from banks at end of period	$ 28,905	$ 62,580	$ 22,405
Supplemental Cash Flow Disclosures			
Cash paid for income taxes	$ 535	$ 1,025	$ 941
Cash paid for interest	1,061	2,199	4,404
Noncash transfer of held-to-maturity investment securities to available-for-sale	–	–	43,596
Noncash transfer of available-for-sale investment securities to held-to-maturity	41,823	–	–
Net noncash transfers to foreclosed property	14	23	60
Acquisitions			
Assets (sold) acquired	$ 749	$ 828	$ 407
Liabilities sold (assumed)	(88)	(272)	36
Net	$ 661	$ 556	$ 443

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1 Significant Accounting Policies

U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp and its subsidiaries (the "Company") provide a full range of financial services, including lending and depository services through banking offices principally in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company also engages in credit card, merchant, and ATM processing, mortgage banking, cash management, capital markets, insurance, trust and investment management, brokerage, and leasing activities, principally in domestic markets.

Basis of Presentation The consolidated financial statements include the accounts of the Company and its subsidiaries and all variable interest entities ("VIEs") for which the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. Consolidation eliminates intercompany accounts and transactions. Certain items in prior periods have been reclassified to conform to the current period presentation.

Uses of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual experience could differ from those estimates and assumptions.

Securities

Realized gains or losses on securities are determined on a trade date basis based on the specific amortized cost of the investments sold.

Trading Securities Securities held for resale are classified as trading securities and are included in other assets and reported at fair value. Changes in fair value and realized gains or losses are reported in noninterest income.

Available-for-sale Securities Debt securities that are not trading securities but may be sold before maturity in response to changes in the Company's interest rate risk profile, funding needs, demand for collateralized deposits by public entities or other reasons, are carried at fair value with unrealized net gains or losses reported within other comprehensive income (loss). Declines in fair value related to credit, if any, are recorded through the establishment of an allowance for credit losses.

Held-to-maturity Securities Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at historical cost adjusted for amortization of premiums and accretion of discounts. Expected credit losses, if any, are recorded through the establishment of an allowance for credit losses.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase Securities purchased under agreements to resell and securities sold under agreements to repurchase are accounted for as collateralized financing transactions with a receivable or payable recorded at the amounts at which the securities were acquired or sold, plus accrued interest. Collateral requirements are continually monitored and additional collateral is received or provided as required. The Company records a receivable or payable for cash collateral paid or received.

Equity Investments

Equity investments in entities where the Company has a significant influence (generally between 20 percent and 50 percent ownership), but does not control the entity, are accounted for using the equity method. Investments in limited partnerships and similarly structured limited liability companies where the Company's ownership interest is greater than 5 percent are accounted for using the equity method. Equity investments not using the equity method are accounted for at fair value with changes in fair value and realized gains or losses reported in noninterest income, unless fair value is not readily determinable, in which case the investment is carried at cost subject to adjustments for any observable market transactions on the same or similar instruments of the investee. Most of the Company's equity investments do not have readily determinable fair values. All equity investments are evaluated for impairment at least annually and more frequently if certain criteria are met.

Loans

The Company offers a broad array of lending products and categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending. The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans.

Originated Loans Held for Investment Loans the Company originates as held for investment are reported at the principal amount outstanding, net of unearned interest income and deferred fees and costs, and any direct principal charge-offs. Interest income is accrued on the unpaid principal balances as earned. Loan and commitment fees and certain direct loan origination costs are deferred and recognized over the life of the loan and/or commitment period as yield adjustments.

Purchased Loans All purchased loans are recorded at fair value at the date of purchase and those acquired on or after January 1,

2020 are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered purchased with more than insignificant credit deterioration. An allowance for credit losses is established for each population and considers product mix, risk characteristics of the portfolio, bankruptcy experience, delinquency status and refreshed loan-to-value ratios when possible. The allowance for credit losses established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance for credit losses established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance for credit losses related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance. The Company did not have a material amount of PCD loans included in its loan portfolio at December 31, 2021. In accordance with applicable authoritative accounting guidance, purchased loans acquired prior to January 1, 2020 were initially measured at fair value, inclusive of any credit discounts, and an allowance for credit losses was not recorded as of the acquisition date.

Commitments to Extend Credit Unfunded commitments for residential mortgage loans intended to be held for sale are considered derivatives and recorded in other assets and other liabilities on the Consolidated Balance Sheet at fair value with changes in fair value recorded in noninterest income. All other unfunded loan commitments are not considered derivatives and are not reported on the Consolidated Balance Sheet. Reserves for credit exposure on all other unfunded credit commitments are recorded in other liabilities.

Allowance for Credit Losses Beginning January 1, 2020, the allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs. Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis.

Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which includes increasing consideration of historical loss experience over years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates, from better to worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consideration of uncertainties that exist. Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, real estate prices, gross domestic product levels and corporate bond spreads, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that would affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses. The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate.

The allowance recorded for Troubled Debt Restructuring ("TDR") loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. TDRs generally do not include loan modifications granted to customers resulting directly from the economic effects of the COVID-19 pandemic, who were otherwise in current payment status. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the fair value of the collateral less costs to sell. With respect to the commercial lending segment, TDRs may be collectively evaluated for impairment where observed performance history, including defaults, is a primary driver of the loss allocation. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. However, historical loss experience is also incorporated into the allowance methodology applied to this category of loans.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above are adjusted by management to consider the potential impact of other qualitative factors not captured in the quantitative model adjustments which include, but are not limited to, the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the economic environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The Company also assesses the credit risk associated with off-balance sheet loan commitments, letters of credit, investment securities and derivatives. Credit risk associated with derivatives is reflected in the fair values recorded for those positions. The liability for off-balance sheet credit exposure related to loan commitments and other credit guarantees is included in other liabilities. Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each specific loan portfolio, as well as the entire loan portfolio, as the entire allowance for credit losses is available for the entire loan portfolio.

Prior to January 1, 2020, the allowance for credit losses was established based on an incurred loss model. The allowance recorded for loans in the commercial lending segment was based on the migration analysis of commercial loans and actual loss experience. The allowance recorded for loans in the consumer lending segment was determined on a homogenous pool basis and primarily included consideration of delinquency status and historical losses. In addition to the amounts determined under the methodologies described above, management also considered the potential impact of qualitative factors.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company.

For all loan portfolio classes, loans are considered past due based on the number of days delinquent except for monthly amortizing loans which are classified delinquent based upon the number of contractually required payments not made (for example, two missed payments is considered 30 days delinquent). When a loan is placed on nonaccrual status, unpaid accrued interest is reversed, reducing interest income in the current period.

Commercial lending segment loans are generally placed on nonaccrual status when the collection of principal and interest has become 90 days past due or is otherwise considered doubtful. Commercial lending segment loans are generally fully charged down if unsecured by collateral or partially charged down to the fair value of the collateral securing the loan, less costs to sell, when the loan is placed on nonaccrual.

Consumer lending segment loans are generally charged-off at a specific number of days or payments past due. Residential mortgages and other retail loans secured by 1-4 family properties are generally charged down to the fair value of the collateral securing the loan, less costs to sell, at 180 days past due. Residential mortgage loans and lines in a first lien position are placed on nonaccrual status in instances where a partial charge-off occurs unless the loan is well secured and in the process of collection. Residential mortgage loans and lines in a junior lien position secured by 1-4 family properties are placed on nonaccrual status at 120 days past due or when they are behind a first lien that has become 180 days or greater past due or placed on nonaccrual status. Any secured consumer lending segment loan whose borrower has had debt discharged through bankruptcy, for which the loan amount exceeds the fair value of the collateral, is charged down to the fair value of the related collateral and the remaining balance is placed on nonaccrual status. Credit card loans continue to accrue interest until the account is charged-off. Credit cards are charged-off at 180 days past due. Other retail loans not secured by 1-4 family properties are charged-off at 120 days past due; and revolving consumer lines are charged-off at 180 days past due. Similar to credit cards, other retail loans are generally not placed on nonaccrual status because of the relative short period of time to charge-off. Certain retail customers having financial difficulties may have the terms of their credit card and other loan agreements modified to require only principal payments and, as such, are reported as nonaccrual.

For all loan classes, interest payments received on nonaccrual loans are generally recorded as a reduction to a loan's carrying amount while a loan is on nonaccrual and are recognized as interest income upon payoff of the loan. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible. In certain circumstances, loans in any class may be restored to accrual status, such as when a loan has demonstrated sustained repayment performance or no amounts are past due and prospects for future payment are no longer in doubt; or when the loan becomes well secured and is in the process of collection. Loans where there has been a partial charge-off may be returned to accrual status if all principal and interest (including amounts previously charged-off) is expected to be collected and the loan is current.

The Company classifies its loan portfolio classes using internal credit quality ratings on a quarterly basis. These ratings include pass, special mention and classified, and are an important part of the Company's overall credit risk management process and evaluation of the allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Special mention loans are those loans that have a potential weakness deserving management's close attention. Classified loans are those loans where a well-defined weakness has been identified that may put full collection of contractual cash flows at risk. It is possible that others, given the same information, may reach different reasonable conclusions regarding the credit quality rating classification of specific loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in payments to be received. The Company recognizes interest on TDRs if the borrower complies with the revised terms and conditions as agreed upon with the Company and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. To the extent a previous restructuring was insignificant, the Company considers the cumulative effect of past restructurings related to the receivable when determining whether a current restructuring is a TDR.

The Company has implemented certain restructuring programs that may result in TDRs. However, many of the Company's TDRs are also determined on a case-by-case basis in connection with ongoing loan collection processes.

For the commercial lending segment, modifications generally result in the Company working with borrowers on a case-by-case basis. Commercial and commercial real estate modifications generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate, which may not be deemed a market interest rate. In addition, the Company may work with the borrower in identifying other changes that mitigate loss to the Company, which may include additional collateral or guarantees to support the loan. To a lesser extent, the Company may waive contractual principal. The Company classifies all of the above concessions as TDRs to the extent the Company determines that the borrower is experiencing financial difficulty.

Modifications for the consumer lending segment are generally part of programs the Company has initiated. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, or its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extension of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers experiencing financial difficulty with modifications whereby balances may be amortized up to 60 months, and generally include waiver of fees and reduced interest rates.

In addition, the Company considers secured loans to consumer borrowers that have debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs.

Loan modifications or concessions granted to borrowers resulting directly from the effects of the COVID-19 pandemic, who were otherwise in current payment status, are not considered to be TDRs.

Leases The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases, primarily automobiles, have 3 to 5 year terms. Commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment. At lease inception, retail lease customers are provided with an end-of-term purchase option, which is based on the expected fair value of the automobile at the expiration of the lease. Automobile leases do not typically contain options to extend or terminate the lease. Equipment leases may contain various types of purchase options. Some option amounts are a stated value, while others are determined using the fair market value at the time of option exercise.

Residual values on leased assets are reviewed regularly for impairment. Residual valuations for retail leases are based on independent assessments of expected used automobile sale prices at the end of the lease term. Impairment tests are conducted based on these valuations considering the probability of the lessee returning the asset to the Company, re-marketing efforts, insurance coverage and ancillary fees and costs. Valuations for commercial leases are based upon external or internal management appraisals. The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Retail lease residual value risk is mitigated further by the purchase of residual value insurance coverage and effective end-of-term marketing of off-lease vehicles.

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a lease liability and a corresponding right of use ("ROU") asset. The Company accounts for the lease and non-lease components in the majority of its lease contracts as a single lease component, with the determination of the lease liability at lease inception based on the present value of the consideration to be paid under the contract. The discount rate used by the Company is determined at commencement of the lease using a secured rate for a similar term as the period of the lease. The Company's leases do not include significant variable lease payments.

Certain of the Company's real estate leases include options to extend. Lease extension options are generally exercisable at market rates. Such option periods do not provide a significant

incentive, and their exercise is not reasonably certain. Accordingly, the Company does not generally recognize payments occurring during option periods in the calculation of its ROU assets and lease liabilities.

Other Real Estate Other real estate owned ("OREO") is included in other assets, and is property acquired through foreclosure or other proceedings on defaulted loans. OREO is initially recorded at fair value, less estimated selling costs. The fair value of OREO is evaluated regularly and any decreases in value along with holding costs, such as taxes and insurance, are reported in noninterest expense.

Loans Held For Sale

Loans held for sale ("LHFS") represent mortgage loans intended to be sold in the secondary market and other loans that management has an active plan to sell. LHFS are carried at the lower-of-cost-or-fair value as determined on an aggregate basis by type of loan with the exception of loans for which the Company has elected fair value accounting, which are carried at fair value. Any writedowns to fair value upon the transfer of loans to LHFS are reflected in loan charge-offs.

Where an election is made to carry the LHFS at fair value, any change in fair value is recognized in noninterest income. Where an election is made to carry LHFS at lower-of-cost-or-fair value, any further decreases are recognized in noninterest income and increases in fair value above the loan cost basis are not recognized until the loans are sold. Fair value elections are made at the time of origination or purchase based on the Company's fair value election policy. The Company has elected fair value accounting for substantially all its mortgage loans held for sale ("MLHFS").

Derivative Financial Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. Derivative instruments are reported in other assets or other liabilities at fair value. Changes in a derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

All derivative instruments that qualify and are designated for hedge accounting are recorded at fair value and classified as either a hedge of the fair value of a recognized asset or liability ("fair value hedge"); a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"); or a hedge of the volatility of a net investment in foreign operations driven by changes in foreign currency exchange rates ("net investment hedge"). Changes in the fair value of a derivative that is highly effective and designated as a fair value hedge, and the offsetting changes in the fair value of the hedged item, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and designated as a cash flow hedge are recorded in other comprehensive income (loss) until cash flows of the hedged item are realized. Changes in the fair value of net investment hedges that are highly effective are recorded in other comprehensive income (loss). The Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss).

Revenue Recognition

In the ordinary course of business, the Company recognizes income derived from various revenue generating activities. Certain revenues are generated from contracts where they are recognized when, or as services or products are transferred to customers for amounts the Company expects to be entitled. Revenue generating activities related to financial assets and liabilities are also recognized; including mortgage servicing fees, loan commitment fees, foreign currency remeasurements, and gains and losses on securities, equity investments and unconsolidated subsidiaries. Certain specific policies include the following:

Credit and Debit Card Revenue Credit and debit card revenue includes interchange from credit and debit cards processed through card association networks, annual fees, and other transaction and account management fees. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. The Company records interchange as services are provided. Transaction and account management fees are recognized as services are provided, except for annual fees which are recognized over the applicable period. Costs for rewards programs and certain payments to partners and credit card associations are also recorded within credit and debit card revenue when services are provided. The Company predominately records credit and debit card revenue within the Payment Services line of business.

Corporate Payment Products Revenue Corporate payment products revenue primarily includes interchange from commercial card products processed through card association networks and revenue from proprietary network transactions. The Company records corporate payment products revenue as services are provided. Certain payments to credit card associations and customers are also recorded within corporate payment products revenue as services are provided. Corporate payment products revenue is recorded within the Payment Services line of business.

Merchant Processing Services Merchant processing services revenue consists principally of merchant discount and other transaction and account management fees charged to merchants for the electronic processing of card association network transactions, less interchange paid to the card-issuing bank, card association assessments, and revenue sharing amounts. All of these are recognized at the time the merchant's services are performed. The Company may enter into revenue sharing agreements with referral partners or in connection with purchases of merchant contracts from sellers. The revenue sharing amounts are determined primarily on sales volume processed or revenue generated for a particular group of merchants. Merchant processing revenue also includes revenues related to point-of-sale equipment recorded as sales when the equipment is shipped or as earned for equipment rentals. The Company records merchant processing services revenue within the Payment Services line of business.

Trust and Investment Management Fees Trust and investment management fees are recognized over the period in which services are performed and are based on a percentage of the fair value of the assets under management or administration, fixed based on account type, or transaction-based fees. Services provided to clients include trustee, transfer agent, custodian, fiscal agent, escrow, fund accounting and administration services. Services provided to mutual funds may include selling, distribution and marketing services. Trust and investment management fees are predominately recorded within the Wealth Management and Investment Services line of business.

Deposit Service Charges Deposit service charges include service charges on deposit accounts received under depository agreements with customers to provide access to deposited funds, serve as a custodian of funds, and when applicable, pay interest on deposits. Checking or savings accounts may contain fees for various services used on a day to day basis by a customer. Fees are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Deposit service charges also include revenue generated from ATM transaction processing and settlement services which is recognized at the time the services are performed. Certain payments to partners and card associations related to ATM processing services are also recorded within deposit service charges as services are provided. Deposit service charges are reported primarily within the Consumer and Business Banking line of business.

Treasury Management Fees Treasury management fees include fees for a broad range of products and services that enables customers to manage their cash more efficiently. These products and services include cash and investment management, receivables management, disbursement services, funds transfer services, and information reporting. Revenue is recognized as products and services are provided to customers. The Company reflects a discount calculated on monthly average collected customer balances. Total treasury management fees are reported primarily within the Corporate and Commercial Banking and Consumer and Business Banking lines of business.

Commercial Products Revenue Commercial products revenue primarily includes revenue related to ancillary services provided to Corporate and Commercial Banking and Consumer and Business Banking customers, including standby letter of credit fees, non-yield related loan fees, capital markets related revenue, sales of direct financing leases, and loan and syndication fees. Sales of direct financing leases are recognized at the point of sale. In addition, the Company may lead or participate with a group of underwriters in raising investment capital on behalf of securities issuers and charge underwriting fees. These fees are recognized at securities issuance. The Company, in its role as lead underwriter, arranges deal structuring and use of outside vendors for the underwriting group. The Company recognizes only those fees and expenses related to its underwriting commitment.

Mortgage Banking Revenue Mortgage banking revenue includes revenue derived from mortgages originated and subsequently sold, generally with servicing retained. The primary components include: gains and losses on mortgage sales; servicing revenue; changes in fair value for mortgage loans originated with the intent to sell and measured at fair value under the fair value option; changes in fair value for derivative commitments to purchase and originate mortgage loans; changes in the fair value of mortgage servicing rights ("MSRs"); and the impact of risk management activities associated with the mortgage origination pipeline, funded loans and MSRs. Net interest income from mortgage loans is recorded in interest income. Refer to Other Significant Policies in Note 1, as well as Note 10 and Note 22 for a further discussion of MSRs. Mortgage banking revenue is reported within the Consumer and Business Banking line of business.

Investment Products Fees Investment products fees include commissions related to the execution of requested security trades, distribution fees from sale of mutual funds, and investment advisory fees. Commissions and investment advisory fees are recognized as services are delivered to and utilized by the customer. Distribution fees are received over time, are dependent on the consumer maintaining their mutual fund asset position and the value of such position. These revenues are estimated and recognized at the point a significant reversal of revenue becomes remote. Investment products fees are predominately reported within the Wealth Management and Investment Services line of business.

Other Noninterest Income Other noninterest income is primarily related to financial assets including income on unconsolidated subsidiaries and equity method investments, gains on sale of other investments and corporate owned life insurance proceeds. The Company reports other noninterest income across all lines of business.

Other Significant Policies

Goodwill and Other Intangible Assets Goodwill is recorded on acquired businesses if the purchase price exceeds the fair value of the net assets acquired. Other intangible assets are recorded

at their fair value upon completion of a business acquisition or certain other transactions, and generally represent the value of customer contracts or relationships. Goodwill is not amortized but is subject, at a minimum, to annual tests for impairment at a reporting unit level. In certain situations, an interim impairment test may be required if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Other intangible assets are amortized over their estimated useful lives, using straight-line and accelerated methods and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. Determining the amount of goodwill impairment, if any, includes assessing whether the carrying value of a reporting unit exceeds its fair value. Determining the amount of other intangible asset impairment, if any, includes assessing the present value of the estimated future cash flows associated with the intangible asset and comparing it to the carrying amount of the asset.

Income Taxes Deferred taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting carrying amounts. The Company uses the deferral method of accounting on investments that generate investment tax credits. Under this method, the investment tax credits are recognized as a reduction to the related asset. For certain investments in qualified affordable housing projects, the Company presents the expense in tax expense rather than noninterest expense.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained or if they are purchased from others. MSRs are recorded at fair value. The Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings as mortgage banking revenue during the period in which they occur.

Pensions For purposes of its pension plans, the Company utilizes its fiscal year-end as the measurement date. At the measurement date, plan assets are determined based on fair value, generally representing observable market prices or the net asset value provided by the funds' trustee or administrator. The actuarial cost method used to compute the pension liabilities and related expense is the projected unit credit method. The projected benefit obligation is principally determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the investment yield of high quality corporate bonds available in the marketplace with maturities equal to projected cash flows of future benefit payments as of the measurement date. Periodic pension expense (or income) includes service costs, interest costs based on the assumed discount rate, the expected return on plan assets based on an actuarially derived market-related value and amortization of actuarial gains and losses. Service cost is included in employee benefits expense on the Consolidated Statement of Income, with all other components of periodic pension expense included in other noninterest expense on the Consolidated Statement of Income. Pension accounting reflects the long-term nature of benefit obligations and the investment horizon of plan assets, and can have the effect of reducing earnings volatility related to short-term changes in interest rates and market valuations. Actuarial gains and losses include the impact of plan amendments and various unrecognized gains and losses which are deferred and amortized over the future service periods of active employees or the remaining life expectancies of inactive participants. The market-related value utilized to determine the expected return on plan assets is based on fair value adjusted for the difference between expected returns and actual performance of plan assets. The unrealized difference between actual experience and expected returns is included in expense over a period of approximately 15 years for active employees and approximately 30 years for inactive participants. The overfunded or underfunded status of each plan is recorded as an asset or liability on the Consolidated Balance Sheet, with changes in that status recognized through other comprehensive income (loss).

Premises and Equipment Premises and equipment are stated at cost less accumulated depreciation and depreciated primarily on a straight-line basis over the estimated life of the assets. Estimated useful lives range up to 40 years for newly constructed buildings and from 3 to 25 years for furniture and equipment.

The Company, as lessee, records an ROU asset for each lease with an original term greater than 12 months. ROU assets are included in premises and equipment, with the corresponding lease liabilities included in long-term debt and other liabilities.

Capitalized Software The Company capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life and reviewed for impairment on an ongoing basis. Estimated useful lives are generally 3 years, but may range up to 7 years.

Stock-Based Compensation The Company grants stock-based awards, which may include restricted stock, restricted stock units and options to purchase common stock of the Company. Stock option grants are for a fixed number of shares to employees and directors with an exercise price equal to the fair value of the shares at the date of grant. Restricted stock and restricted stock unit grants are awarded at no cost to the recipient. Stock-based compensation for awards is recognized in the Company's results of operations over the vesting period. The Company immediately recognizes compensation cost of awards to employees that meet retirement status, despite their continued active employment. The amortization of stock-based compensation reflects estimated forfeitures adjusted for actual forfeiture experience. As compensation expense is recognized, a deferred tax asset is recorded that represents an estimate of the future tax deduction from exercise or release of restrictions. At the time stock-based awards are exercised, cancelled, expire, or

restrictions are released, the Company may be required to recognize an adjustment to tax expense, depending on the market price of the Company's common stock at that time.

Per Share Calculations Earnings per common share is calculated using the two-class method under which earnings are allocated to common shareholders and holders of participating securities. Unvested stock-based compensation awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities under the two-class method. Net income applicable to U.S. Bancorp common shareholders is then divided by the weighted-average number of common shares outstanding to determine earnings per common share. Diluted earnings per common share is calculated by adjusting income and outstanding shares, assuming conversion of all potentially dilutive securities.

NOTE 2 Accounting Changes

Reference Interest Rate Transition In March 2020, the FASB issued accounting guidance, providing temporary optional expedients and exceptions to the guidance in United States generally accepted accounting principles on contract modifications and hedge accounting, to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. Under the guidance, a company can elect not to apply certain modification accounting requirements to contracts affected by reference rate transition, if certain criteria are met. A company that makes this election would not be required to remeasure the contracts at the modification date or reassess a previous accounting determination. This guidance also permits a company to elect various optional expedients that would allow it to continue applying hedge accounting for hedging relationships affected by reference rate transition, if certain criteria are met. The guidance is effective upon issuance and generally can be applied through December 31, 2022. The Company is in the process of evaluating and applying, as applicable, the optional expedients and exceptions in accounting for eligible contract modifications, eligible existing hedging relationships and new hedging relationships available through December 31, 2022. The adoption of this guidance has not had, and is expected to continue to not have, a material impact on the Company's financial statements.

NOTE 3 Business Combinations

In September 2021, the Company announced that it has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group ("MUFG"), for an expected purchase price of approximately $8.0 billion, including $5.5 billion in cash and approximately 44 million shares of the Company's common stock. The transaction excludes the purchase of MUFG Union Bank's Global Corporate & Investment Bank, certain middle and back office functions, and other assets. MUFG Union Bank currently has approximately 300 branches in California, Washington and Oregon and is expected to add approximately $105 billion in total assets, $58 billion of loans and $90 billion of deposits to the Company's consolidated balance sheet. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including regulatory approvals.

NOTE 4 Restrictions on Cash and Due from Banks

Banking regulators require bank subsidiaries to maintain minimum average reserve balances, either in the form of vault cash or reserve balances held with central banks or other financial institutions. The amount of required reserve balances were approximately $78 million and $73 million at December 31, 2021 and 2020, respectively. The Company held balances at central banks and other financial institutions of $23.0 billion and $55.4 billion at December 31, 2021 and 2020, respectively, to meet these requirements and for other purposes. These balances are included in cash and due from banks on the Consolidated Balance Sheet.

NOTE 5 Investment Securities

The amortized cost, gross unrealized holding gains and losses, and fair value of held-to-maturity and available-for-sale investment securities at December 31 were as follows:

	2021				2020			
(Dollars in Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held-to-maturity								
Residential agency mortgage-backed securities	$ 41,858	$ 2	$ (48)	$ 41,812	$ –	$ –	$ –	$ –
Total held-to-maturity	$ 41,858	$ 2	$ (48)	$ 41,812	$ –	$ –	$ –	$ –
Available-for-sale								
U.S. Treasury and agencies	$ 36,648	$ 205	$(244)	$ 36,609	$ 21,954	$ 462	$(25)	$ 22,391
Mortgage-backed securities								
Residential agency	76,761	665	(347)	77,079	98,031	1,950	(13)	99,968
Commercial agency	8,633	53	(201)	8,485	5,251	170	(15)	5,406
Asset-backed securities	62	4	–	66	200	5	–	205
Obligations of state and political subdivisions	10,130	607	(20)	10,717	8,166	695	–	8,861
Other	7	–	–	7	9	–	–	9
Total available-for-sale	$132,241	$1,534	$(812)	$132,963	$133,611	$3,282	$(53)	$136,840

During the fourth quarter of 2021, the Company transferred $43.1 billion amortized cost ($41.8 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities.

Investment securities with a fair value of $30.7 billion at December 31, 2021, and $11.0 billion at December 31, 2020, were pledged to secure public, private and trust deposits, repurchase agreements and for other purposes required by contractual obligation or law. Included in these amounts were securities where the Company and certain counterparties have agreements granting the counterparties the right to sell or pledge the securities. Investment securities securing these types of arrangements had a fair value of $557 million at December 31, 2021, and $402 million at December 31, 2020.

The following table provides information about the amount of interest income from taxable and non-taxable investment securities:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Taxable	$2,103	$2,201	$2,680
Non-taxable	262	227	213
Total interest income from investment securities	$2,365	$2,428	$2,893

The following table provides information about the amount of gross gains and losses realized through the sales of available-for-sale investment securities:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Realized gains	$122	$200	$ 99
Realized losses	(19)	(23)	(26)
Net realized gains	$103	$177	$ 73
Income tax on net realized gains	$ 26	$ 45	$ 18

The Company conducts a regular assessment of its available-for-sale investment securities with unrealized losses to determine whether all or some portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. If the Company intends to sell or it is more likely than not the Company will be required to sell an investment security, the amortized cost of the security is written down to fair value. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of underlying collateral, the existence of any government or agency guarantees, and market conditions. The Company measures the allowance for credit losses using market information where available and discounting the cash flows at the original effective rate of the investment security. The allowance for credit losses is adjusted each period through earnings and can be subsequently recovered. The allowance for credit losses on the Company's available-for-sale investment securities was immaterial at December 31, 2021 and December 31, 2020.

At December 31, 2021, certain investment securities had a fair value below amortized cost. The following table shows the gross unrealized losses and fair value of the Company's available-for-sale investment securities with unrealized losses, aggregated by investment category and length of time the individual investment securities have been in continuous unrealized loss positions, at December 31, 2021:

	Less Than 12 Months		12 Months or Greater		Total	
(Dollars in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and agencies	$11,445	$(100)	$2,879	$(144)	$14,324	$(244)
Residential agency mortgage-backed securities	39,720	(342)	263	(5)	39,983	(347)
Commercial agency mortgage-backed securities	4,463	(104)	1,764	(97)	6,227	(201)
Asset-backed securities	–	–	2	–	2	–
Obligations of state and political subdivisions	1,500	(20)	–	–	1,500	(20)
Other	6	–	–	–	6	–
Total investment securities	$57,134	$(566)	$4,908	$(246)	$62,042	$(812)

These unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase of these available-for-sale investment securities. U.S. Treasury and agencies securities and agency mortgage-backed securities are issued, guaranteed or otherwise supported by the United States government. The Company's obligations of state and political subdivisions are generally high grade. Accordingly, the Company does not consider these unrealized losses to be credit-related and an allowance for credit losses is not necessary. In general, the issuers of the investment securities are contractually prohibited from prepayment at less than par, and the Company did not pay significant purchase premiums for these investment securities. At December 31, 2021, the Company had no plans to sell investment securities with unrealized losses, and believes it is more likely than not it would not be required to sell such investment securities before recovery of their amortized cost.

During the year ended December 31, 2021 and 2020, the Company did not purchase any investment securities that had more-than-insignificant credit deterioration.

All of the Company's held-to-maturity investment securities are highly rated agency mortgage-backed securities that are guaranteed or otherwise supported by the United States government and have no history of credit losses. Accordingly the Company does not expect to incur any credit losses on held-to-maturity investment securities and has no allowance for credit losses recorded for these securities.

The following table provides information about the amortized cost, fair value and yield by maturity date of the investment securities outstanding at December 31, 2021:

(Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[e]
Held-to-maturity				
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ –	$ –	–	–%
Maturing after one year through five years	2	2	4.8	1.69
Maturing after five years through ten years	41,856	41,810	7.4	1.45
Maturing after ten years	–	–	–	–
Total	$ 41,858	$ 41,812	7.4	1.45%
Total held-to-maturity	$ 41,858	$ 41,812	7.4	1.45%
Available-for-sale				
U.S. Treasury and Agencies				
Maturing in one year or less	$ 2,724	$ 2,744	.6	1.91%
Maturing after one year through five years	8,400	8,483	2.9	1.52
Maturing after five years through ten years	22,469	22,378	8.1	1.44
Maturing after ten years	3,055	3,004	12.0	1.99
Total	$ 36,648	$ 36,609	6.7	1.54%
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ 104	$ 104	.7	2.02%
Maturing after one year through five years	42,711	43,267	3.6	1.47
Maturing after five years through ten years	42,560	42,174	6.3	1.70
Maturing after ten years	19	19	12.4	1.24
Total	$ 85,394	$ 85,564	4.9	1.58%
Asset-Backed Securities[a]				
Maturing in one year or less	$ –	$ –	.5	2.69%
Maturing after one year through five years	3	4	2.6	1.62
Maturing after five years through ten years	59	61	5.3	1.52
Maturing after ten years	–	1	12.9	2.41
Total	$ 62	$ 66	5.2	1.53%
Obligations of State and Political Subdivisions[b] [c]				
Maturing in one year or less	$ 393	$ 398	.5	4.30%
Maturing after one year through five years	2,954	3,178	4.1	4.25
Maturing after five years through ten years	6,217	6,579	7.2	3.45
Maturing after ten years	566	562	17.7	2.58
Total	$ 10,130	$ 10,717	6.6	3.67%
Other				
Maturing in one year or less	$ –	$ –	–	–%
Maturing after one year through five years	7	7	3.4	2.07
Maturing after five years through ten years	–	–	–	–
Maturing after ten years	–	–	–	–
Total	$ 7	$ 7	3.4	2.07%
Total available-for-sale[d]	$132,241	$132,963	5.5	1.73%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.

(b) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.

(c) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.

(d) The weighted-average maturity of total available-for-sale investment securities was 3.4 years at December 31, 2020, with a corresponding weighted-average yield of 1.61 percent.

(e) Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent. Yields on investment securities are computed based on amortized cost balances, excluding any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

NOTE 6 Loans and Allowance for Credit Losses

The composition of the loan portfolio at December 31, disaggregated by class and underlying specific portfolio type, was as follows:

(Dollars in Millions)	2021	2020
Commercial		
Commercial	$106,912	$ 97,315
Lease financing	5,111	5,556
Total commercial	112,023	102,871
Commercial Real Estate		
Commercial mortgages	28,757	28,472
Construction and development	10,296	10,839
Total commercial real estate	39,053	39,311
Residential Mortgages		
Residential mortgages	67,546	66,525
Home equity loans, first liens	8,947	9,630
Total residential mortgages	76,493	76,155
Credit Card	22,500	22,346
Other Retail		
Retail leasing	7,256	8,150
Home equity and second mortgages	10,446	12,472
Revolving credit	2,750	2,688
Installment	16,514	13,823
Automobile	24,866	19,722
Student	127	169
Total other retail	61,959	57,024
Total loans	$312,028	$297,707

The Company had loans of $92.1 billion at December 31, 2021, and $96.1 billion at December 31, 2020, pledged at the Federal Home Loan Bank, and loans of $76.9 billion at December 31, 2021, and $67.8 billion at December 31, 2020, pledged at the Federal Reserve Bank.

The Company offers a broad array of lending products to consumer and commercial customers, in various industries, across several geographical locations, predominately in the states in which it has Consumer and Business Banking offices. Collateral for commercial and commercial real estate loans may include marketable securities, accounts receivable, inventory, equipment, real estate, or the related property.

Originated loans are reported at the principal amount outstanding, net of unearned interest and deferred fees and costs, and any partial charge-offs recorded. Net unearned interest and deferred fees and costs amounted to $475 million at December 31, 2021 and $763 million at December 31, 2020. All purchased loans are recorded at fair value at the date of purchase. Beginning January 1, 2020, the Company evaluates purchased loans for more-than-insignificant deterioration at the date of purchase in accordance with applicable authoritative accounting guidance. Purchased loans that have experienced more-than-insignificant deterioration from origination are considered purchased credit deteriorated loans. All other purchased loans are considered non-purchased credit deteriorated loans.

Allowance for Credit Losses Beginning January 1, 2020, the allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs.

Activity in the allowance for credit losses by portfolio class was as follows:

(Dollars in Millions)	Commercial	Commercial Real Estate	Residential Mortgages	Credit Card	Other Retail	Total Loans
Balance at December 31, 2020	$2,423	$1,544	$573	$2,355	$1,115	$ 8,010
Add						
Provision for credit losses	(471)	(419)	(40)	(170)	(73)	(1,173)
Deduct						
Loans charged-off	222	29	18	686	253	1,208
Less recoveries of loans charged-off	(119)	(27)	(50)	(174)	(156)	(526)
Net loan charge-offs (recoveries)	103	2	(32)	512	97	682
Balance at December 31, 2021	$1,849	$1,123	$565	$1,673	$ 945	$ 6,155
Balance at December 31, 2019	$1,484	$ 799	$433	$1,128	$ 647	$ 4,491
Add						
Change in accounting principle (a)	378	(122)	(30)	872	401	1,499
Provision for credit losses	1,074	1,054	158	1,184	336	3,806
Deduct						
Loans charged-off	575	210	19	975	401	2,180
Less recoveries of loans charged-off	(62)	(23)	(31)	(146)	(132)	(394)
Net loan charge-offs (recoveries)	513	187	(12)	829	269	1,786
Balance at December 31, 2020	$2,423	$1,544	$573	$2,355	$1,115	$ 8,010
Balance at December 31, 2018	$1,454	$ 800	$455	$1,102	$ 630	$ 4,441
Add						
Provision for credit losses	315	13	(19)	919	276	1,504
Deduct						
Loans charged-off	399	21	34	1,028	385	1,867
Less recoveries of loans charged-off	(114)	(7)	(31)	(135)	(126)	(413)
Net loan charge-offs (recoveries)	285	14	3	893	259	1,454
Balance at December 31, 2019	$1,484	$ 799	$433	$1,128	$ 647	$ 4,491

(a) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses.

The decrease in the allowance for credit losses from December 31, 2020 to December 31, 2021 reflected factors affecting economic conditions during 2021, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States that has reduced the risks associated with COVID-19, contributing to an economic recovery. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company. These credit quality ratings are an important part of the Company's overall credit risk management process and evaluation of the allowance for credit losses.

The following table provides a summary of loans by portfolio class, including the delinquency status of those that continue to accrue interest, and those that are nonperforming:

(Dollars in Millions)	Accruing				
	Current	30-89 Days Past Due	90 Days or More Past Due	Nonperforming[b]	Total
December 31, 2021					
Commercial	$111,270	$ 530	$ 49	$ 174	$112,023
Commercial real estate	38,678	80	11	284	39,053
Residential mortgages[a]	75,962	124	181	226	76,493
Credit card	22,142	193	165	–	22,500
Other retail	61,468	275	66	150	61,959
Total loans	$309,520	$1,202	$472	$ 834	$312,028
December 31, 2020					
Commercial	$102,127	$ 314	$ 55	$ 375	$102,871
Commercial real estate	38,676	183	2	450	39,311
Residential mortgages[a]	75,529	244	137	245	76,155
Credit card	21,918	231	197	–	22,346
Other retail	56,466	318	86	154	57,024
Total loans	$294,716	$1,290	$477	$1,224	$297,707

(a) At December 31, 2021, $791 million of loans 30–89 days past due and $1.5 billion of loans 90 days or more past due purchased from Government National Mortgage Association ("GNMA") mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, were classified as current, compared with $1.4 billion and $1.8 billion at December 31, 2020, respectively.

(b) Substantially all nonperforming loans at December 31, 2021 and 2020, had an associated allowance for credit losses. The Company recognized interest income on nonperforming loans of $16 million and $23 million for the years ended December 31, 2021 and 2020, respectively, compared to what would have been recognized at the original contractual terms of the loans of $34 million and $45 million, respectively.

At December 31, 2021, total nonperforming assets held by the Company were $878 million, compared with $1.3 billion at December 31, 2020. Total nonperforming assets included $834 million of nonperforming loans, $22 million of OREO and $22 million of other nonperforming assets owned by the Company at December 31, 2021, compared with $1.2 billion, $24 million and $50 million, respectively at December 31, 2020.

At December 31, 2021, the amount of foreclosed residential real estate held by the Company, and included in OREO, was $22 million, compared with $23 million at December 31, 2020. These amounts excluded $22 million and $33 million at December 31, 2021 and December 31, 2020, respectively, of foreclosed residential real estate related to mortgage loans whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. In addition, the amount of residential mortgage loans secured by residential real estate in the process of foreclosure at December 31, 2021 and December 31, 2020, was $696 million and $1.0 billion, respectively, of which $555 million and $812 million, respectively, related to loans purchased from Government National Mortgage Association ("GNMA") mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

The following table provides a summary of loans by portfolio class and the Company's internal credit quality rating:

	December 31, 2021					December 31, 2020				
		Criticized					Criticized			
(Dollars in Millions)	Pass	Special Mention	Classified[a]	Total Criticized	Total	Pass	Special Mention	Classified[a]	Total Criticized	Total
Commercial										
Originated in 2021	$ 51,155	$ 387	$ 287	$ 674	$ 51,829	$ –	$ –	$ –	$ –	$ –
Originated in 2020	14,091	304	133	437	14,528	34,557	1,335	1,753	3,088	37,645
Originated in 2019	10,159	151	54	205	10,364	17,867	269	349	618	18,485
Originated in 2018	5,122	3	36	39	5,161	12,349	351	176	527	12,876
Originated in 2017	2,149	2	38	40	2,189	5,257	117	270	387	5,644
Originated prior to 2017	2,774	28	43	71	2,845	4,954	128	115	243	5,197
Revolving	24,722	268	117	385	25,107	22,445	299	280	579	23,024
Total commercial	110,172	1,143	708	1,851	112,023	97,429	2,499	2,943	5,442	102,871
Commercial real estate										
Originated in 2021	13,364	6	990	996	14,360	–	–	–	–	–
Originated in 2020	7,459	198	263	461	7,920	9,446	461	1,137	1,598	11,044
Originated in 2019	6,368	251	610	861	7,229	9,514	454	1,005	1,459	10,973
Originated in 2018	2,996	29	229	258	3,254	6,053	411	639	1,050	7,103
Originated in 2017	1,662	38	113	151	1,813	2,650	198	340	538	3,188
Originated prior to 2017	2,811	17	111	128	2,939	4,762	240	309	549	5,311
Revolving	1,494	1	43	44	1,538	1,445	9	238	247	1,692
Total commercial real estate	36,154	540	2,359	2,899	39,053	33,870	1,773	3,668	5,441	39,311
Residential mortgages[b]										
Originated in 2021	29,882	–	3	3	29,885	–	–	–	–	–
Originated in 2020	15,948	1	8	9	15,957	23,262	1	3	4	23,266
Originated in 2019	6,938	–	36	36	6,974	13,969	1	17	18	13,987
Originated in 2018	2,889	–	30	30	2,919	5,670	1	22	23	5,693
Originated in 2017	3,796	–	30	30	3,826	6,918	1	24	25	6,943
Originated prior to 2017	16,619	–	312	312	16,931	25,921	2	342	344	26,265
Revolving	1	–	–	–	1	1	–	–	–	1
Total residential mortgages	76,073	1	419	420	76,493	75,741	6	408	414	76,155
Credit card[c]	22,335	–	165	165	22,500	22,149	–	197	197	22,346
Other retail										
Originated in 2021	22,455	–	6	6	22,461	–	–	–	–	–
Originated in 2020	12,071	–	9	9	12,080	17,589	–	7	7	17,596
Originated in 2019	7,223	–	17	17	7,240	11,605	–	23	23	11,628
Originated in 2018	3,285	–	14	14	3,299	6,814	–	27	27	6,841
Originated in 2017	1,726	–	9	9	1,735	3,879	–	22	22	3,901
Originated prior to 2017	1,973	–	15	15	1,988	3,731	–	29	29	3,760
Revolving	12,532	–	112	112	12,644	12,647	–	110	110	12,757
Revolving converted to term	472	–	40	40	512	503	–	38	38	541
Total other retail	61,737	–	222	222	61,959	56,768	–	256	256	57,024
Total loans	$306,471	$1,684	$3,873	$5,557	$312,028	$285,957	$4,278	$7,472	$11,750	$297,707
Total outstanding commitments	$662,363	$3,372	$5,684	$9,056	$671,419	$627,606	$8,772	$9,374	$18,146	$645,752

Note: Year of origination is based on the origination date of a loan, or for existing loans the date when the maturity date, pricing or commitment amount is amended.

(a) Classified rating on consumer loans primarily based on delinquency status.

(b) At December 31, 2021, $1.5 billion of GNMA loans 90 days or more past due and $1.1 billion of restructured GNMA loans whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs were classified with a pass rating, compared with $1.8 billion and $1.4 billion at December 31, 2020, respectively.

(c) All credit card loans are considered revolving loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. The following table provides a summary of loans modified as TDRs for the years ended December 31, by portfolio class:

(Dollars in Millions)	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance
2021			
Commercial	2,156	$ 140	$ 127
Commercial real estate	112	193	179
Residential mortgages	977	329	328
Credit card	25,297	144	146
Other retail	2,576	74	67
Total loans, excluding loans purchased from GNMA mortgage pools	31,118	880	847
Loans purchased from GNMA mortgage pools	2,311	334	346
Total loans	33,429	$1,214	$1,193
2020			
Commercial	3,423	$ 628	$ 493
Commercial real estate	149	262	218
Residential mortgages	1,176	402	401
Credit card	23,549	135	136
Other retail	4,027	117	114
Total loans, excluding loans purchased from GNMA mortgage pools	32,324	1,544	1,362
Loans purchased from GNMA mortgage pools	4,630	667	659
Total loans	36,954	$2,211	$2,021
2019			
Commercial	3,445	$ 376	$ 359
Commercial real estate	136	129	125
Residential mortgages	417	55	54
Credit card	34,247	185	186
Other retail	2,952	63	61
Total loans, excluding loans purchased from GNMA mortgage pools	41,197	808	785
Loans purchased from GNMA mortgage pools	6,257	856	827
Total loans	47,454	$1,664	$1,612

Residential mortgages, home equity and second mortgages, and loans purchased from GNMA mortgage pools in the table above include trial period arrangements offered to customers during the periods presented. The post-modification balances for these loans reflect the current outstanding balance until a permanent modification is made. In addition, the post-modification balances typically include capitalization of unpaid accrued interest and/or fees under the various modification programs. At December 31, 2021, 7 residential mortgages, 2 home equity and second mortgage loans and 34 loans purchased from GNMA mortgage pools with outstanding balances of $1 million, less than $1 million and $4 million, respectively, were in a trial period and have estimated post-modification balances of $1 million, less than $1 million and $5 million, respectively, assuming permanent modification occurs at the end of the trial period.

The following table provides a summary of TDR loans that defaulted (fully or partially charged-off or became 90 days or more past due) for the years ended December 31, that were modified as TDRs within 12 months previous to default:

(Dollars in Millions)	Number of Loans	Amount Defaulted
2021		
Commercial	1,084	$ 32
Commercial real estate	16	7
Residential mortgages	81	9
Credit card	7,700	43
Other retail	714	11
Total loans, excluding loans purchased from GNMA mortgage pools	9,595	102
Loans purchased from GNMA mortgage pools	176	26
Total loans	9,771	$128
2020		
Commercial	1,148	$ 80
Commercial real estate	50	30
Residential mortgages	38	5
Credit card	6,688	35
Other retail	307	4
Total loans, excluding loans purchased from GNMA mortgage pools	8,231	154
Loans purchased from GNMA mortgage pools	498	66
Total loans	8,729	$220
2019		
Commercial	1,040	$ 46
Commercial real estate	36	24
Residential mortgages	137	15
Credit card	8,273	40
Other retail	380	10
Total loans, excluding loans purchased from GNMA mortgage pools	9,866	135
Loans purchased from GNMA mortgage pools	997	131
Total loans	10,863	$266

In addition to the defaults in the table above, the Company had a total of 17 residential mortgage loans, home equity and second mortgage loans and loans purchased from GNMA mortgage pools for the year ended December 31, 2021, where borrowers did not successfully complete the trial period arrangement and, therefore, are no longer eligible for a permanent modification under the applicable modification program. These loans had aggregate outstanding balances of $2 million for the year ended December 31, 2021.

As of December 31, 2021, the Company had $132 million of commitments to lend additional funds to borrowers whose terms of their outstanding owed balances have been modified in TDRs.

NOTE 7 Leases

The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases consist primarily of automobiles, while commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment.

The components of the net investment in sales-type and direct financing leases, at December 31, were as follows:

(Dollars in Millions)	2021	2020
Lease receivables	$10,738	$11,890
Unguaranteed residual values accruing to the lessor's benefit	1,610	1,787
Total net investment in sales-type and direct financing leases	$12,348	$13,677

The Company, as a lessor, recorded $888 million, $952 million and $996 million of revenue on its Consolidated Statement of Income for the years ended December 31, 2021, 2020 and 2019, respectively, primarily consisting of interest income on sales-type and direct financing leases.

The contractual future lease payments to be received by the Company, at December 31, 2021, were as follows:

(Dollars in Millions)	Sales-type and direct financing leases	Operating leases
2022	$ 3,926	$136
2023	3,293	104
2024	2,402	68
2025	963	44
2026	281	15
Thereafter	540	8
Total lease payments	11,405	$375
Amounts representing interest	(667)	
Lease receivables	$10,738	

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a lease liability and a corresponding right of use ("ROU") asset. At December 31, 2021, the Company's ROU assets included in premises and equipment and lease liabilities included in long-term debt and other liabilities, were $1.2 billion and $1.3 billion, respectively, compared with $1.1 billion of ROU assets and $1.3 billion of lease liabilities at December 31, 2020, respectively.

Total costs incurred by the Company, as a lessee, were $364 million, $374 million and $394 million for the years ended December 31, 2021, 2020 and 2019, respectively, and principally related to contractual lease payments on operating leases. The Company's leases do not impose significant covenants or other restrictions on the Company.

The following table presents amounts relevant to the Company's assets leased for use in its operations for the years ended December 31:

(Dollars in Millions)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$288	$305	$302
Operating cash flows from finance leases	5	6	7
Financing cash flows from finance leases	12	12	10
Right of use assets obtained in exchange for new operating lease liabilities	164	128	134
Right of use assets obtained in exchange for new finance lease liabilities	75	6	10

The following table presents the weighted-average remaining lease terms and discount rates of the Company's assets leased for use in its operations at December 31:

	2021	2020
Weighted-average remaining lease term of operating leases (in years)	7.0	7.0
Weighted-average remaining lease term of finance leases (in years)	9.5	9.6
Weighted-average discount rate of operating leases	2.7%	3.0%
Weighted-average discount rate of finance leases	9.3%	12.5%

The contractual future lease obligations of the Company at December 31, 2021, were as follows:

(Dollars in Millions)	Operating leases	Finance leases
2022	$ 278	$ 27
2023	240	27
2024	194	24
2025	145	16
2026	105	10
Thereafter	329	32
Total lease payments	1,291	136
Amounts representing interest	(121)	(23)
Lease liabilities	$1,170	$113

NOTE 8 Accounting for Transfers and Servicing of Financial Assets and Variable Interest Entities

The Company transfers financial assets in the normal course of business. The majority of the Company's financial asset transfers are residential mortgage loan sales primarily to government-sponsored enterprises ("GSEs"), transfers of tax-advantaged investments, commercial loan sales through participation agreements, and other individual or portfolio loan and securities sales. In accordance with the accounting guidance for asset transfers, the Company considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. Guarantees provided to certain third parties in connection with the transfer of assets are further discussed in Note 23.

For loans sold under participation agreements, the Company also considers whether the terms of the loan participation agreement meet the accounting definition of a participating interest. With the exception of servicing and certain performance-based guarantees, the Company's continuing involvement with financial assets sold is minimal and generally limited to market customary representation and warranty clauses. Any gain or loss on sale depends on the previous carrying amount of the transferred financial assets, the consideration received, and any liabilities incurred in exchange for the transferred assets. Upon transfer, any servicing assets and other interests that continue to be held by the Company are initially recognized at fair value. For further information on MSR's, refer to Note 10. On a limited basis, the Company may acquire and package high-grade corporate bonds for select corporate customers, in which the Company generally has no continuing involvement with these transactions. Additionally, the Company is an authorized GNMA issuer and issues GNMA securities on a regular basis. The Company has no other asset securitizations or similar asset-backed financing arrangements that are off-balance sheet.

The Company also provides financial support primarily through the use of waivers of trust and investment management fees associated with various unconsolidated registered money market funds it manages. The Company provided $250 million, $89 million and $30 million of support to the funds during the years ended December 31, 2021, 2020 and 2019, respectively.

The Company is involved in various entities that are considered to be VIEs. The Company's investments in VIEs are primarily related to investments promoting affordable housing, community development and renewable energy sources. Some of these tax-advantaged investments support the Company's regulatory compliance with the Community Reinvestment Act. The Company's investments in these entities generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These tax credits are recognized as a reduction of tax expense or, for investments qualifying as investment tax credits, as a reduction to the related investment asset. The Company recognized federal and state income tax credits related to its affordable housing and other tax-advantaged investments in tax expense of $508 million, $578 million and $615 million for the years ended December 31, 2021, 2020 and 2019, respectively. The Company also recognized $418 million, $414 million and $506 million of investment tax credits for the years ended December 31, 2021, 2020 and 2019, respectively. The Company recognized $468 million, $545 million and $557 million of expenses related to all of these investments for the years ended December 31, 2021, 2020 and 2019, respectively, of which $336 million, $367 million and $318 million, respectively, were included in tax expense and the remaining amounts were included in noninterest expense.

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest, and thus is not the primary beneficiary. In such cases, the Company does not have both the power to direct the entities' most significant activities and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs.

The Company's investments in these unconsolidated VIEs are carried in other assets on the Consolidated Balance Sheet. The Company's unfunded capital and other commitments related to these unconsolidated VIEs are generally carried in other liabilities on the Consolidated Balance Sheet. The Company's maximum exposure to loss from these unconsolidated VIEs include the investment recorded on the Company's Consolidated Balance Sheet, net of unfunded capital commitments, and previously recorded tax credits which remain subject to recapture by taxing

authorities based on compliance features required to be met at the project level. While the Company believes potential losses from these investments are remote, the maximum exposure was determined by assuming a scenario where the community-based business and housing projects completely fail and do not meet certain government compliance requirements resulting in recapture of the related tax credits.

The following table provides a summary of investments in community development and tax-advantaged VIEs that the Company has not consolidated:

At December 31 (Dollars in Millions)	2021	2020
Investment carrying amount	$4,484	$ 5,378
Unfunded capital and other commitments	1,890	2,334
Maximum exposure to loss	9,899	11,219

The Company also has noncontrolling financial investments in private investment funds and partnerships considered to be VIEs, which are not consolidated. The Company's recorded investment in these entities, carried in other assets on the Consolidated Balance Sheet, was approximately $40 million at December 31, 2021 and $35 million at December 31, 2020. The maximum exposure to loss related to these VIEs was $84 million at December 31, 2021 and $57 million at December 31, 2020, representing the Company's investment balance and its unfunded commitments to invest additional amounts.

The Company's individual net investments in unconsolidated VIEs, which exclude any unfunded capital commitments, ranged from less than $1 million to $75 million at December 31, 2021, compared with less than $1 million to $78 million at December 31, 2020.

The Company is required to consolidate VIEs in which it has concluded it has a controlling financial interest. The Company sponsors entities to which it transfers its interests in tax-advantaged investments to third parties. At December 31, 2021, approximately $5.0 billion of the Company's assets and $3.4 billion of its liabilities included on the Consolidated Balance Sheet were related to community development and tax-advantaged investment VIEs which the Company has consolidated, primarily related to these transfers. These amounts compared to $4.9 billion and $3.7 billion, respectively, at December 31, 2020. The majority of the assets of these consolidated VIEs are reported in other assets, and the liabilities are reported in long-term debt and other liabilities. The assets of a particular VIE are the primary source of funds to settle its obligations. The creditors of the VIEs do not have recourse to the general credit of the Company. The Company's exposure to the consolidated VIEs is generally limited to the carrying value of its variable interests plus any related tax credits previously recognized or transferred to others with a guarantee.

In addition, the Company sponsors a municipal bond securities tender option bond program. The Company controls the activities of the program's entities, is entitled to the residual returns and provides liquidity and remarketing arrangements to the program. As a result, the Company has consolidated the program's entities. At December 31, 2021, $1.7 billion of available-for-sale investment securities and $1.2 billion of short-term borrowings on the Consolidated Balance Sheet were related to the tender option bond program, compared with $2.4 billion of available-for-sale investment securities and $1.5 billion of short-term borrowings at December 31, 2020.

NOTE 9 Premises and Equipment

Premises and equipment at December 31 consisted of the following:

(Dollars in Millions)	2021	2020
Land	$ 445	$ 487
Buildings and improvements	3,161	3,519
Furniture, fixtures and equipment	3,438	3,439
Right of use assets on operating leases	1,014	1,038
Right of use assets on finance leases	172	110
Construction in progress	23	25
	8,253	8,618
Less accumulated depreciation and amortization	(4,948)	(5,150)
Total	$ 3,305	$ 3,468

NOTE 10 Mortgage Servicing Rights

The Company capitalizes MSRs as separate assets when loans are sold and servicing is retained. MSRs may also be purchased from others. The Company carries MSRs at fair value, with changes in the fair value recorded in earnings during the period in which they occur. The Company serviced $222.4 billion of residential mortgage loans for others at December 31, 2021, and $211.8 billion at December 31, 2020, including subserviced mortgages with no corresponding MSR asset. Included in mortgage banking revenue are the MSR fair value changes arising from market rate and model assumption changes, net of the value change in derivatives used to economically hedge MSRs. These changes resulted in a net loss of $183 million, a net gain of $18 million, and a net loss of $24 million for the years ended December 31, 2021, 2020 and 2019, respectively. Loan servicing and ancillary fees, not including valuation changes, included in mortgage banking revenue were $725 million, $718 million and $734 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Changes in fair value of capitalized MSRs are summarized as follows:

(Dollars in Millions)	2021	2020	2019
Balance at beginning of period	$ 2,210	$ 2,546	$ 2,791
Rights purchased	42	34	20
Rights capitalized	1,136	1,030	559
Rights sold[a]	2	3	5
Changes in fair value of MSRs			
Due to fluctuations in market interest rates[b]	272	(719)	(390)
Due to revised assumptions or models[c]	(196)	(12)	23
Other changes in fair value[d]	(513)	(672)	(462)
Balance at end of period	$ 2,953	$ 2,210	$ 2,546

(a) MSRs sold include those having a negative fair value, resulting from the loans being severely delinquent.

(b) Includes changes in MSR value associated with changes in market interest rates, including estimated prepayment rates and anticipated earnings on escrow deposits.

(c) Includes changes in MSR value not caused by changes in market interest rates, such as changes in assumed cost to service, ancillary income and option adjusted spread, as well as the impact of any model changes.

(d) Primarily the change in MSR value from passage of time and cash flows realized (decay), but also includes the impact of changes to expected cash flows not associated with changes in market interest rates, such as the impact of delinquencies.

The estimated sensitivity to changes in interest rates of the fair value of the MSR portfolio and the related derivative instruments was as follows:

	2021						2020					
(Dollars in Millions)	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps
MSR portfolio	$(636)	$(324)	$(160)	$ 150	$ 287	$ 511	$(442)	$(271)	$(150)	$ 169	$ 343	$ 671
Derivative instrument hedges	614	309	152	(142)	(278)	(536)	523	281	145	(149)	(304)	(625)
Net sensitivity	$ (22)	$ (15)	$ (8)	$ 8	$ 9	$ (25)	$ 81	$ 10	$ (5)	$ 20	$ 39	$ 46

The fair value of MSRs and their sensitivity to changes in interest rates is influenced by the mix of the servicing portfolio and characteristics of each segment of the portfolio. The Company's servicing portfolio consists of the distinct portfolios of government-insured mortgages, conventional mortgages and Housing Finance Agency ("HFA") mortgages. The servicing portfolios are predominantly comprised of fixed-rate agency loans with limited adjustable-rate or jumbo mortgage loans. The HFA servicing portfolio is comprised of loans originated under state and local housing authority program guidelines which assist purchases by first-time or low- to moderate-income homebuyers through a favorable rate subsidy, down payment and/or closing cost assistance on government- and conventional-insured mortgages.

A summary of the Company's MSRs and related characteristics by portfolio as of December 31 was as follows:

	2021				2020			
(Dollars in Millions)	HFA	Government	Conventional[d]	Total	HFA	Government	Conventional[d]	Total
Servicing portfolio[a]	$40,652	$21,919	$156,382	$218,953	$40,396	$25,474	$143,085	$208,955
Fair value	$ 527	$ 308	$ 2,118	$ 2,953	$ 406	$ 261	$ 1,543	$ 2,210
Value (bps)[b]	130	141	135	135	101	102	108	106
Weighted-average servicing fees (bps)	36	41	30	32	35	40	30	32
Multiple (value/servicing fees)	3.63	3.43	4.50	4.18	2.87	2.56	3.55	3.26
Weighted-average note rate	4.07%	3.70%	3.41%	3.56%	4.43%	3.91%	3.78%	3.92%
Weighted-average age (in years)	3.8	5.9	3.3	3.7	3.8	5.6	4.2	4.3
Weighted-average expected prepayment (constant prepayment rate)	11.5%	13.2%	9.6%	10.3%	14.1%	18.0%	13.8%	14.4%
Weighted-average expected life (in years)	6.5	5.6	6.9	6.7	5.6	4.3	5.5	5.4
Weighted-average option adjusted spread[c]	7.3%	7.3%	6.3%	6.6%	7.7%	7.3%	6.2%	6.6%

(a) Represents principal balance of mortgages having corresponding MSR asset.

(b) Calculated as fair value divided by the servicing portfolio.

(c) Option adjusted spread is the incremental spread added to the risk-free rate to reflect optionality and other risk inherent in the MSRs.

(d) Represents loans sold primarily to GSEs.

NOTE 11 Intangible Assets

Intangible assets consisted of the following:

At December 31 (Dollars in Millions)	2021	2020
Goodwill	$10,262	$ 9,918
Merchant processing contracts	195	235
Core deposit benefits	49	64
Mortgage servicing rights	2,953	2,210
Trust relationships	62	19
Other identified intangibles	479	336
Total	$14,000	$12,782

Aggregate amortization expense consisted of the following:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Merchant processing contracts	$ 45	$ 49	$ 45
Core deposit benefits	15	18	22
Trust relationships	10	9	10
Other identified intangibles	89	100	91
Total	$159	$176	$168

The estimated amortization expense for the next five years is as follows:

(Dollars in Millions)	
2022	$154
2023	111
2024	89
2025	63
2026	50

The following table reflects the changes in the carrying value of goodwill for the years ended December 31, 2021, 2020 and 2019:

(Dollars in Millions)	Corporate and Commercial Banking	Consumer and Business Banking	Wealth Management and Investment Services	Payment Services	Treasury and Corporate Support	Consolidated Company
Balance at December 31, 2018	$1,647	$3,475	$1,618	$2,629	$—	$ 9,369
Goodwill acquired	—	—	—	285	—	285
Foreign exchange translation and other	—	—	(1)	2	—	1
Balance at December 31, 2019	$1,647	$3,475	$1,617	$2,916	$—	$ 9,655
Goodwill acquired	—	—	—	180	—	180
Foreign exchange translation and other	—	—	2	81	—	83
Balance at December 31, 2020	$1,647	$3,475	$1,619	$3,177	$—	$ 9,918
Goodwill acquired	—	35	144	192	—	371
Foreign exchange translation and other	265	(265)	(2)	(25)	—	(27)
Balance at December 31, 2021	$1,912	$3,245	$1,761	$3,344	$—	$10,262

NOTE 12 Deposits

The composition of deposits at December 31 was as follows:

(Dollars in Millions)	2021	2020
Noninterest-bearing deposits	$134,901	$118,089
Interest-bearing deposits		
Interest checking	115,108	95,894
Money market savings	117,619	128,058
Savings accounts	65,790	57,035
Time deposits	22,665	30,694
Total interest-bearing deposits	321,182	311,681
Total deposits	$456,083	$429,770

The maturities of time deposits outstanding at December 31, 2021 were as follows:

(Dollars in Millions)	
2022	$17,637
2023	2,298
2024	1,640
2025	655
2026	434
Thereafter	1
Total	$22,665

NOTE 13 Short-Term Borrowings

Short-term borrowings at December 31 consisted of the following:

(Dollars in Millions)	2021	2020
Federal funds purchased	$ 628	$ 777
Securities sold under agreements to repurchase	1,575	1,430
Commercial paper	6,026	6,007
Other short-term borrowings	3,567	3,552
Total	$11,796	$11,766

NOTE 14 Long-Term Debt

Long-term debt (debt with original maturities of more than one year) at December 31 consisted of the following:

(Dollars in Millions)	Rate Type	Rate[a]	Maturity Date	2021	2020
U.S. Bancorp (Parent Company)					
Subordinated notes	Fixed	2.950%	2022	$ 1,300	$ 1,300
	Fixed	3.600%	2024	1,000	1,000
	Fixed	7.500%	2026	199	199
	Fixed	3.100%	2026	1,000	1,000
	Fixed	3.000%	2029	1,000	1,000
	Fixed	2.491%	2036	1,300	–
Medium-term notes	Fixed	.850% - 3.950%	2022 - 2030	12,631	15,492
	Floating	.855%	2021	–	250
Other[b]				472	683
Subtotal				18,902	20,924
Subsidiaries					
Federal Home Loan Bank advances	Fixed	6.440% - 8.250%	2023 - 2026	2	1,003
	Floating[d]	.384% - .710%	2022 - 2026	3,272	3,272
Bank notes	Fixed	1.950% - 3.400%	2022 - 2025	5,700	9,100
	Floating[d]	– % - .604%	2022 - 2059	3,337	5,888
Other[c]				912	1,110
Subtotal				13,223	20,373
Total				$32,125	$41,297

(a) Weighted-average interest rates of medium-term notes, Federal Home Loan Bank advances and bank notes were 2.51 percent, .65 percent and 1.80 percent, respectively.

(b) Includes debt issuance fees and unrealized gains and losses and deferred amounts relating to derivative instruments.

(c) Includes consolidated community development and tax-advantaged investment VIEs, finance lease obligations, debt issuance fees, and unrealized gains and losses and deferred amounts relating to derivative instruments.

(d) Includes $3.3 billion of Federal Home Loan Bank advances and $2.3 billion of bank notes, whose interest is calculated by reference to LIBOR. The outstanding debt contains fallback provisions in the event that LIBOR is no longer published or quoted, but these fallback provisions have not yet been utilized.

The Company has arrangements with the Federal Home Loan Bank and Federal Reserve Bank whereby the Company could have borrowed an additional $101.0 billion and $96.5 billion at December 31, 2021 and 2020, respectively, based on collateral available.

Maturities of long-term debt outstanding at December 31, 2021, were:

(Dollars in Millions)	Parent Company	Consolidated
2022	$ 2,311	$ 4,834
2023	–	3,847
2024	5,740	5,768
2025	2,240	5,804
2026	2,685	4,200
Thereafter	5,926	7,672
Total	$18,902	$32,125

NOTE 15 Shareholders' Equity

At December 31, 2021 and 2020, the Company had authority to issue 4 billion shares of common stock and 50 million shares of preferred stock. The Company had 1.5 billion shares of common stock outstanding at December 31, 2021 and 2020. The Company had 36 million shares of common stock reserved for future issuances, primarily under its stock incentive plans at December 31, 2021.

The number of shares issued and outstanding and the carrying amount of each outstanding series of the Company's preferred stock were as follows:

	2021				2020			
At December 31 (Dollars in Millions)	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount
Series A	12,510	$1,251	$145	$1,106	12,510	$1,251	$ 145	$ 1,106
Series B	40,000	1,000	–	1,000	40,000	1,000	—	1,000
Series F	–	–	–	–	44,000	1,100	12	1,088
Series I	–	–	–	–	30,000	750	5	745
Series J	40,000	1,000	7	993	40,000	1,000	7	993
Series K	23,000	575	10	565	23,000	575	10	565
Series L	20,000	500	14	486	20,000	500	14	486
Series M	30,000	750	21	729	–	–	–	–
Series N	60,000	1,500	8	1,492	–	–	–	–
Total preferred stock[(a)]	225,510	$6,576	$205	$6,371	209,510	$6,176	$ 193	$ 5,983

(a) The par value of all shares issued and outstanding at December 31, 2021 and 2020, was $1.00 per share.

During 2021, the Company issued depositary shares representing an ownership interest in 60,000 shares of Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series N Preferred Stock"). The Series N Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 3.70 percent from the date of issuance to, but excluding, January 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the five-year treasury rate plus 2.541 percent. The Series N Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2027. The Series N Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series N Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2021, the Company issued depositary shares representing an ownership interest in 30,000 shares of Series M Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series M Preferred Stock"). The Series M Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 4.00 percent. The Series M Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2026. The Series M Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2026 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series M Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2020, the Company issued depositary shares representing an ownership interest in 20,000 shares of Series L Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series L Preferred Stock"). The Series L Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 3.75 percent. The Series L Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2026. The Series L Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2026 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series L Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2018, the Company issued depositary shares representing an ownership interest in 23,000 shares of Series K Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series K Preferred Stock"). The Series K Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 5.50 percent. The Series K Preferred Stock is redeemable at the Company's option, in whole or in part, on or after October 15, 2023. The Series K Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to October 15, 2023 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the

Company to treat the full liquidation value of the Series K Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2017, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series J Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series J Preferred Stock"). The Series J Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable semiannually, in arrears, at a rate per annum equal to 5.300 percent from the date of issuance to, but excluding, April 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the three-month London Interbank Offered Rate ("LIBOR") plus 2.914 percent. The Series J Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2027. The Series J Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series J Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2015, the Company issued depositary shares representing an ownership interest in 30,000 shares of Series I Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series I Preferred Stock"). During 2021, the Company redeemed all outstanding shares of the Series I Preferred Stock at a redemption price equal to the liquidation preference amount. The Company included a $5 million loss in the computation of diluted earnings per common share for 2021, which represents the stock issuance costs recorded in preferred stock upon the issuance of the Series I Preferred Stock that were reclassified to retained earnings on the date the Company provided notice of its intent to redeem the outstanding shares.

During 2012, the Company issued depositary shares representing an ownership interest in 44,000 shares of Series F Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series F Preferred Stock"). During 2021, the Company provided notice of its intent to redeem all outstanding shares of the Series F Preferred Stock during the first quarter of 2022. The Company removed the outstanding liquidation preference amount of the Series F Preferred Stock from shareholders' equity and included it in other liabilities on the Consolidated Balance Sheet as of December 31, 2021, because upon the notification date it became mandatorily redeemable. The liquidation preference amount equals the redemption price for all outstanding shares of the Series F Preferred Stock. The Company included a $12 million loss in the computation of diluted earnings per common share for 2021, which represents the stock issuance costs recorded in preferred stock upon the issuance of the Series F Preferred Stock that were reclassified to retained earnings on the notification date. Effective January 15, 2022, the Company redeemed all outstanding shares of the Series F Preferred Stock.

During 2010, the Company issued depositary shares representing an ownership interest in 5,746 shares of Series A Non-Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock") to investors, in exchange for their portion of USB Capital IX Income Trust Securities. During 2011, the Company issued depositary shares representing an ownership interest in 6,764 shares of Series A Preferred Stock to USB Capital IX, thereby settling the stock purchase contract established between the Company and USB Capital IX as part of the 2006 issuance of USB Capital IX Income Trust Securities. The preferred shares were issued to USB Capital IX for the purchase price specified in the stock forward purchase contract. The Series A Preferred Stock has a liquidation preference of $100,000 per share, no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus 1.02 percent or 3.50 percent. The Series A Preferred Stock is redeemable at the Company's option, subject to prior approval by the Federal Reserve Board.

During 2006, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series B Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series B Preferred Stock"). The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus .60 percent, or 3.50 percent. The Series B Preferred Stock is redeemable at the Company's option, subject to the prior approval of the Federal Reserve Board.

Dividends for certain of the Company's outstanding series of preferred stock described above are, or will in the future be, calculated by reference to LIBOR. The outstanding series contain fallback provisions in the event that LIBOR is no longer published or quoted, but these fallback provisions have not yet been utilized.

During 2021, 2020 and 2019, the Company repurchased shares of its common stock under various authorizations approved by its Board of Directors. Beginning in March of 2020 and continuing through the remainder of 2020, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve Board implemented measures beginning in the third quarter of 2020 and extending through the second quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions limited the aggregate amount of common stock dividends and share repurchases to an amount that did not exceed the average net income of the four preceding calendar

quarters. Based on the results of the December 2020 Federal Reserve Board Stress Test, the Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its recently announced pending acquisition of MUFG Union Bank's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until the second half of 2022, or after the acquisition closes in order to build capital prior to the acquisition.

The following table summarizes the Company's common stock repurchased in each of the last three years:

(Dollars and Shares in Millions)	Shares	Value
2021	28	$1,556
2020	31	1,661
2019	81	4,515

Shareholders' equity is affected by transactions and valuations of asset and liability positions that require adjustments to accumulated other comprehensive income (loss). The reconciliation of the transactions affecting accumulated other comprehensive income (loss) included in shareholders' equity for the years ended December 31, is as follows:

(Dollars in Millions)	Unrealized Gains (Losses) on Investment Securities Available-For-Sale	Unrealized Gains (Losses) on Investment Securities Transferred From Available-For-Sale to Held-To-Maturity	Unrealized Gains (Losses) on Derivative Hedges	Unrealized Gains (Losses) on Retirement Plans	Foreign Currency Translation	Total
2021						
Balance at beginning of period	$ 2,417	$ –	$(189)	$(1,842)	$(64)	$ 322
Changes in unrealized gains (losses)	(3,698)	–	125	400	–	(3,173)
Transfer of securities from available-for-sale to held-to-maturity	1,289	(1,289)	–	–	–	–
Foreign currency translation adjustment[(a)]	–	–	–	–	35	35
Reclassification to earnings of realized (gains) losses	(103)	36	14	157	–	104
Applicable income taxes	635	318	(35)	(141)	(8)	769
Balance at end of period	$ 540	$ (935)	$ (85)	$(1,426)	$(37)	$(1,943)
2020						
Balance at beginning of period	$ 379	$ –	$ (51)	$(1,636)	$(65)	$(1,373)
Changes in unrealized gains (losses)	2,905	–	(194)	(401)	–	2,310
Foreign currency translation adjustment[(a)]	–	–	–	–	2	2
Reclassification to earnings of realized (gains) losses	(177)	–	10	125	–	(42)
Applicable income taxes	(690)	–	46	70	(1)	(575)
Balance at end of period	$ 2,417	$ –	$(189)	$(1,842)	$(64)	$ 322
2019						
Balance at beginning of period	$ (946)	$ 14	$ 112	$(1,418)	$(84)	$(2,322)
Changes in unrealized gains (losses)	1,693	–	(229)	(380)	–	1,084
Unrealized gains (losses) on held-to-maturity investment securities transferred to available-for-sale	150	(9)	–	–	–	141
Foreign currency translation adjustment[(a)]	–	–	–	–	26	26
Reclassification to earnings of realized (gains) losses	(73)	(7)	11	89	–	20
Applicable income taxes	(445)	2	55	73	(7)	(322)
Balance at end of period	$ 379	$ –	$ (51)	$(1,636)	$(65)	$(1,373)

(a) Represents the impact of changes in foreign currency exchange rates on the Company's investment in foreign operations and related hedges.

Additional detail about the impact to net income for items reclassified out of accumulated other comprehensive income (loss) and into earnings for the years ended December 31, is as follows:

(Dollars in Millions)	Impact to Net Income 2021	2020	2019	Affected Line Item in the Consolidated Statement of Income
Unrealized gains (losses) on investment securities available-for-sale				
Realized gains (losses) on sale of investment securities	$ 103	$ 177	$ 73	Securities gains (losses), net
	(26)	(45)	(18)	Applicable income taxes
	77	132	55	Net-of-tax
Unrealized gains (losses) on investment securities transferred from available-for-sale to held-to-maturity				
Amortization of unrealized gains	(36)	–	7	Interest income
	9	–	(2)	Applicable income taxes
	(27)	–	5	Net-of-tax
Unrealized gains (losses) on derivative hedges				
Realized gains (losses) on derivative hedges	(14)	(10)	(11)	Interest expense
	4	3	3	Applicable income taxes
	(10)	(7)	(8)	Net-of-tax
Unrealized gains (losses) on retirement plans				
Actuarial gains (losses) and prior service cost (credit) amortization	(157)	(125)	(89)	Other noninterest expense
	40	32	22	Applicable income taxes
	(117)	(93)	(67)	Net-of-tax
Total impact to net income	$ (77)	$ 32	$(15)	

Regulatory Capital The Company uses certain measures defined by bank regulatory agencies to assess its capital. The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach.

Tier 1 capital is considered core capital and includes common shareholders' equity adjusted for the aggregate impact of certain items included in other comprehensive income (loss) ("common equity tier 1 capital"), plus qualifying preferred stock, trust preferred securities and noncontrolling interests in consolidated subsidiaries subject to certain limitations. Total risk-based capital includes Tier 1 capital and other items such as subordinated debt and the allowance for credit losses. Capital measures are stated as a percentage of risk-weighted assets, which are measured based on their perceived credit risks and include certain off-balance sheet exposures, such as unfunded loan commitments, letters of credit, and derivative contracts. Beginning in 2020, the Company elected to adopt a rule issued in 2020 by its regulators which permits banking organizations who adopt accounting guidance related to the impairment of financial instruments based on the current expected credit losses methodology during 2020, the option to defer the impact of the effect of that guidance at adoption plus 25 percent of its quarterly credit reserve increases over the next two years on its regulatory capital requirements, followed by a three-year transition period to phase in the cumulative deferred impact.

The Company is also subject to leverage ratio requirements, which is defined as Tier 1 capital as a percentage of adjusted average assets under the standardized approach and Tier 1 capital as a percentage of total on- and off-balance sheet leverage exposure under more risk-sensitive advanced approaches.

The following table provides a summary of the regulatory capital requirements in effect, along with the actual components and ratios for the Company and its bank subsidiary, at December 31, 2021 and 2020:

	U.S. Bancorp		U.S. Bank National Association	
(Dollars in Millions)	2021	2020	2021	2020
Basel III standardized approach:				
Common shareholders' equity	$ 48,547	$ 47,112	$ 51,465	$ 52,589
Less intangible assets				
Goodwill (net of deferred tax liability)	(9,323)	(9,014)	(9,209)	(9,034)
Other disallowed intangible assets	(785)	(654)	(754)	(654)
Other[a]	3,262	601	3,498	1,254
Total common equity tier 1 capital	41,701	38,045	45,000	44,155
Qualifying preferred stock	6,371	5,983	—	—
Noncontrolling interests eligible for tier 1 capital	450	451	450	451
Other[b]	(6)	(5)	(6)	(6)
Total tier 1 capital	48,516	44,474	45,444	44,600
Eligible portion of allowance for credit losses	4,081	4,905	4,081	4,850
Subordinated debt and noncontrolling interests eligible for tier 2 capital	3,653	3,223	3,600	3,517
Total tier 2 capital	7,734	8,128	7,681	8,367
Total risk-based capital	$ 56,250	$ 52,602	$ 53,125	$ 52,967
Risk-weighted assets	$418,571	$393,648	$412,979	$387,388
Common equity tier 1 capital as a percent of risk-weighted assets	10.0%	9.7%	10.9%	11.4%
Tier 1 capital as a percent of risk-weighted assets	11.6	11.3	11.0	11.5
Total risk-based capital as a percent of risk-weighted assets	13.4	13.4	12.9	13.7
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.6	8.3	8.2	8.4
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.9	7.3	6.6	6.8

	Minimum[c]	Well-Capitalized
Bank Regulatory Capital Requirements		
Common equity tier 1 capital as a percent of risk-weighted assets	7.0%	6.5%[d]
Tier 1 capital as a percent of risk-weighted assets	8.5	8.0
Total risk-based capital as a percent of risk-weighted assets	10.5	10.0
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	4.0	5.0[d]
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	3.0	3.0

(a) Includes the impact of items included in other comprehensive income (loss), such as unrealized gains (losses) on available-for-sale securities, accumulated net gains on cash flow hedges, pension liability adjustments, etc., and the portion of deferred tax assets related to net operating loss and tax credit carryforwards not eligible for common equity tier 1 capital. Excludes the impact of the 2020 adoption of accounting guidance related to impairment of financial instruments based on the CECL methodology included in retained earnings.

(b) Includes the remaining portion of deferred tax assets not eligible for total tier 1 capital.

(c) The minimum common equity tier 1 capital, tier 1 capital and total risk-based capital ratio requirements reflect a stress capital buffer requirement of 2.5 percent. Banks and financial services holding companies must maintain minimum capital levels, including a stress capital buffer requirement, to avoid limitations on capital distributions and certain discretionary compensation payments.

(d) A minimum well-capitalized threshold does not apply to U.S. Bancorp for this ratio as it is not formally defined under applicable banking regulations for bank holding companies.

Noncontrolling interests principally represent third-party investors' interests in consolidated entities, including preferred stock of consolidated subsidiaries. During 2006, the Company's banking subsidiary formed USB Realty Corp., a real estate investment trust, for the purpose of issuing 5,000 shares of Fixed-to-Floating Rate Exchangeable Non-cumulative Perpetual Series A Preferred Stock with a liquidation preference of $100,000 per share ("Series A Preferred Securities") to third-party investors. Dividends on the Series A Preferred Securities, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to three-month LIBOR plus 1.147 percent. If USB Realty Corp. has not declared a dividend on the Series A Preferred Securities before the dividend payment date for any dividend period, such dividend shall not be cumulative and shall cease to accrue and be payable, and USB Realty Corp. will have no obligation to pay dividends accrued for such dividend period, whether or not dividends on the Series A Preferred Securities are declared for any future dividend period.

The Series A Preferred Securities will be redeemable, in whole or in part, at the option of USB Realty Corp. on each fifth anniversary after the dividend payment date occurring in January 2012. Any redemption will be subject to the approval of the Office of the Comptroller of the Currency. During 2016, the Company purchased 500 shares of the Series A Preferred Securities held by third-party investors. As of December 31, 2021, 4,500 shares of the Series A Preferred Securities remain outstanding.

NOTE 16 Earnings Per Share

The components of earnings per share were:

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2021	2020	2019
Net income attributable to U.S. Bancorp	$7,963	$4,959	$6,914
Preferred dividends	(303)	(304)	(302)
Impact of preferred stock call and redemption	(17)[a]	(13)[b]	–
Earnings allocated to participating stock awards	(38)	(21)	(29)
Net income applicable to U.S. Bancorp common shareholders	$7,605	$4,621	$6,583
Average common shares outstanding	1,489	1,509	1,581
Net effect of the exercise and assumed purchase of stock awards	1	1	2
Average diluted common shares outstanding	1,490	1,510	1,583
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	$ 5.10	$ 3.06	$ 4.16

(a) Represents stock issuance costs originally recorded in preferred stock upon the issuance of the Company's Series I and Series F Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

(b) Represents stock issuance costs originally recorded in preferred stock upon the issuance of the Company's Series H Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

Options outstanding at December 31, 2020 and 2019, to purchase 2 million and 1 million common shares, respectively, were not included in the computation of diluted earnings per share for the years ended December 31, 2020 and 2019, because they were antidilutive.

NOTE 17 Employee Benefits

Employee Retirement Savings Plan The Company has a defined contribution retirement savings plan that covers substantially all its employees. Qualified employees are allowed to contribute up to 75 percent of their annual compensation, subject to Internal Revenue Service limits, through salary deductions under Section 401(k) of the Internal Revenue Code. Employee contributions are invested at their direction among a variety of investment alternatives. Employee contributions are 100 percent matched by the Company, up to four percent of each employee's eligible annual compensation. The Company's matching contribution vests immediately and is invested in the same manner as each employee's future contribution elections. Total expense for the Company's matching contributions was $213 million, $192 million and $179 million in 2021, 2020 and 2019, respectively.

Pension Plans The Company has two tax qualified noncontributory defined benefit pension plans: the U.S. Bank Pension Plan and the U.S. Bank Legacy Pension Plan. The U.S. Bank Legacy Pension Plan was established effective January 1, 2020, to receive a transfer from the U.S. Bank Pension Plan of the accrued benefits and related plan assets of participants who terminated employment prior to January 1, 2020. The two plans have substantively identical terms. The plans provide benefits to substantially all the Company's employees. Participants receive annual cash balance pay credits based on eligible pay multiplied by a percentage determined by their age and years of service. Participants also receive an annual interest credit. Employees become vested upon completing three years of vesting service. For participants in the plans before 2010 that elected to stay under their existing formula, pension benefits are provided to eligible employees based on years of service, multiplied by a percentage of their final average pay. Additionally, as a result of past plan mergers, a portion of pension benefits may also be provided using a cash balance benefit formula where only interest credits continue to be credited to participants' accounts.

In general, the Company's qualified pension plans' funding objectives include maintaining a funded status sufficient to meet participant benefit obligations over time while reducing long-term funding requirements and pension costs. The Company has an established process for evaluating the plans, their performance and significant plan assumptions, including the assumed discount rate and the long-term rate of return ("LTROR"). Although plan assumptions are established annually, the Company may update its analysis on an interim basis in order to be responsive to significant events that occur during the year, such as plan mergers and amendments. The Company's Compensation and Human Resources Committee (the "Committee") oversees the Company's process of evaluating the plans, their performance and significant plan assumptions.

The Company's funding policy is to contribute amounts to its plans sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act, plus such additional amounts as the Company determines to be appropriate. The Company did not contribute to its qualified pension plans in 2021 and contributed $1.1 billion in 2020. The Company does not expect to contribute to the plans in 2022. Any contributions made to the qualified plans are invested in accordance with established investment policies and asset allocation strategies.

In addition to the funded qualified pension plans, the Company maintains a non-qualified plan that is unfunded and provides benefits to certain employees. The assumptions used in

computing the accumulated benefit obligation, the projected benefit obligation and net pension expense are substantially consistent with those assumptions used for the funded qualified plans. In 2022, the Company expects to contribute approximately $26 million to its non-qualified pension plan which equals the 2022 expected benefit payments.

Postretirement Welfare Plan In addition to providing pension benefits, the Company provides health care and death benefits to certain former employees who retired prior to January 1, 2014. Employees retiring after December 31, 2013, are not eligible for retiree health care benefits. Prior to December 31, 2020, the postretirement welfare plan operated as a voluntary employees' beneficiary association ("VEBA") plan. Effective December 31, 2020, the VEBA trust was dissolved and the postretirement welfare plan now operates as an unfunded plan. In 2022, the Company expects to contribute approximately $4 million to its postretirement welfare plan which equals the 2022 expected benefit payments net of participant contributions.

The following table summarizes the changes in benefit obligations and plan assets for the years ended December 31, and the funded status and amounts recognized in the Consolidated Balance Sheet at December 31 for the retirement plans:

	Pension Plans		Postretirement Welfare Plan	
(Dollars in Millions)	2021	2020	2021	2020
Change In Projected Benefit Obligation[a]				
Benefit obligation at beginning of measurement period	$ 7,805	$ 6,829	$ 38	$ 47
Service cost	265	235	–	–
Interest cost	219	235	1	1
Participants' contributions	–	–	4	6
Plan amendments	–	(18)	–	–
Actuarial (gain) loss	(4)	754	(2)	(4)
Lump sum settlements	(71)	(55)	–	–
Benefit payments	(184)	(175)	(7)	(13)
Federal subsidy on benefits paid	–	–	–	1
Benefit obligation at end of measurement period[b]	$ 8,030	$ 7,805	$ 34	$ 38
Change In Fair Value Of Plan Assets				
Fair value at beginning of measurement period	$ 7,498	$ 5,838	$ –	$ 84
Actual return on plan assets	844	737	–	1
Employer contributions	26	1,153	3	5
Participants' contributions	–	–	4	6
Lump sum settlements	(71)	(55)	–	–
Benefit payments	(184)	(175)	(7)	(13)
Other Changes[c]	–	–	–	(83)
Fair value at end of measurement period	$ 8,113	$ 7,498	$ –	$ –
Funded (Unfunded) Status	$ 83	$ (307)	$(34)	$(38)
Components Of The Consolidated Balance Sheet				
Noncurrent benefit asset	$ 776	$ 369	$ –	$ –
Current benefit liability	(26)	(27)	(5)	(5)
Noncurrent benefit liability	(667)	(649)	(29)	(33)
Recognized amount	$ 83	$ (307)	$(34)	$(38)
Accumulated Other Comprehensive Income (Loss), Pretax				
Net actuarial (loss) gain	$(1,989)	$(2,557)	$ 58	$ 63
Net prior service credit (cost)	16	18	8	11
Recognized amount	$(1,973)	$(2,539)	$ 66	$ 74

(a) The increase in the projected benefit obligation for 2021 was primarily due to demographic experience partially offset by a higher discount rate, and the increase for 2020 was primarily due to a lower discount rate.

(b) At December 31, 2021 and 2020, the accumulated benefit obligation for all pension plans was $7.3 billion and $7.1 billion, respectively.

(c) The fair value of postretirement welfare plan assets decreased in 2020 due to the dissolution of the VEBA trust. Prior to dissolution, the remaining assets in the VEBA trust were used to pay benefits under other programs of the Company's health and welfare plan, as permitted by the VEBA trust agreement. The postreirement welfare plan now operates as an unfunded plan.

The following table provides information for pension plans with benefit obligations in excess of plan assets at December 31:

(Dollars in Millions)	2021	2020
Pension Plans with Projected Benefit Obligations in Excess of Plan Assets		
Projected benefit obligation	$692	$676
Fair value of plan assets	–	–
Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets		
Accumulated benefit obligation	$631	$628
Fair value of plan assets	–	–

The following table sets forth the components of net periodic benefit cost and other amounts recognized in accumulated other comprehensive income (loss) for the years ended December 31 for the retirement plans:

(Dollars in Millions)	Pension Plans 2021	Pension Plans 2020	Pension Plans 2019	Postretirement Welfare Plan 2021	Postretirement Welfare Plan 2020	Postretirement Welfare Plan 2019
Components Of Net Periodic Benefit Cost						
Service cost	$ 265	$ 235	$ 192	$ –	$ –	$ –
Interest cost	219	235	249	1	1	2
Expected return on plan assets	(450)	(403)	(383)	–	(3)	(3)
Prior service cost (credit) and transition obligation (asset) amortization	(2)	–	–	(3)	(3)	(3)
Actuarial loss (gain) amortization	169	134	98	(7)	(6)	(6)
Net periodic benefit cost	$ 201	$ 201	$ 156	$(9)	$(11)	$(10)
Other Changes In Plan Assets And Benefit Obligations Recognized In Other Comprehensive Income (Loss)						
Net actuarial gain (loss) arising during the year	$ 398	$(420)	$(388)	$ 2	$ 1	$ 7
Net actuarial loss (gain) amortized during the year	169	134	98	(7)	(6)	(6)
Net prior service (cost) credit and transition (obligation) asset arising during the year	–	18	–	–	–	–
Net prior service cost (credit) and transition obligation (asset) amortized during the year	(2)	–	–	(3)	(3)	(3)
Total recognized in other comprehensive income (loss)	$ 565	$(268)	$(290)	$(8)	$ (8)	$ (2)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ 364	$(469)	$(446)	$ 1	$ 3	$ 8

The following table sets forth weighted average assumptions used to determine the projected benefit obligations at December 31:

(Dollars in Millions)	Pension Plans 2021	Pension Plans 2020	Postretirement Welfare Plan 2021	Postretirement Welfare Plan 2020
Discount rate[a]	3.00%	2.75%	2.37%	1.82%
Cash balance interest crediting rate	3.00	3.00	*	*
Rate of compensation increase[b]	3.56	3.56	*	*
Health care cost trend rate[c]				
Prior to age 65			5.75%	6.00%
After age 65			5.75%	6.00%

(a) The discount rates were developed using a cash flow matching bond model with a modified duration for the qualified pension plan, legacy pension plan, non-qualified pension plan and postretirement welfare plan of 17.8, 12.2, 12.4, and 5.8 years, respectively, for 2021, and 18.6, 12.9, 12.5 and 6.1 years, respectively, for 2020.

(b) Determined on an active liability-weighted basis.

(c) The 2021 and 2020 pre-65 and post-65 rates are both assumed to decrease gradually to 5.00 percent by 2025 and remain at this level thereafter.

** Not applicable*

The following table sets forth weighted average assumptions used to determine net periodic benefit cost for the years ended December 31:

(Dollars in Millions)	Pension Plans 2021	Pension Plans 2020	Pension Plans 2019	Postretirement Welfare Plan 2021	Postretirement Welfare Plan 2020	Postretirement Welfare Plan 2019
Discount rate[a]	2.75%	3.40%	4.45%	2.37%	2.80%	4.05%
Cash balance interest crediting rate	3.00	3.00	3.00	*	*	*
Expected return on plan assets[b]	6.50	7.25	7.25	*	3.50	3.50
Rate of compensation increase[c]	3.56	3.56	3.52	*	*	*
Health care cost trend rate[d]						
Prior to age 65				5.75%	6.25%	6.50%
After age 65				5.75	6.25	10.00

(a) The discount rates were developed using a cash flow matching bond model with a modified duration for the qualified pension plan, legacy pension plan, non-qualified pension plan and postretirement welfare plan of 18.6, 12.9, 12.5 and 6.1 years, respectively, for 2021, and for the qualified pension plan, non-qualified pension plan and postretirement welfare plan of 15.8, 12.3 and 6.1 years, respectively, for 2020.

(b) With the help of an independent pension consultant, the Company considers several sources when developing its expected long-term rates of return on plan assets assumptions, including, but not limited to, past returns and estimates of future returns given the plans' asset allocation, economic conditions, and peer group LTROR information. The Company determines its expected long-term rates of return reflecting current economic conditions and plan assets.

(c) Determined on an active liability weighted basis.

(d) The 2021, 2020 and 2019 pre-65 and post-65 rates are both assumed to decrease gradually to 5.00 percent by 2025 and remain at that level thereafter.

** Not applicable*

Investment Policies and Asset Allocation In establishing its investment policies and asset allocation strategies, the Company considers expected returns and the volatility associated with different strategies. An independent consultant performs modeling that projects numerous outcomes using a broad range of possible scenarios, including a mix of possible rates of inflation and economic growth. Starting with current economic information, the model bases its projections on past relationships between inflation, fixed income rates and equity returns when these types of economic conditions have existed over the previous 30 years, both in the United States and in foreign countries. Estimated future returns and other actuarially determined adjustments are also considered in calculating the estimated return on assets.

Generally, based on historical performance of the various investment asset classes, investments in equities have outperformed other investment classes but are subject to higher volatility. In an effort to minimize volatility, while recognizing the long-term up-side potential of investing in equities, the Committee has determined that a target asset allocation of 35 percent long duration bonds, 30 percent global equities, 10 percent real assets, 10 percent private equity funds, 5 percent domestic mid-small cap equities, 5 percent emerging markets equities, and 5 percent hedge funds is appropriate.

At December 31, 2021 and 2020, plan assets included an asset management arrangement with a related party totaling $55.3 million and $1.0 billion, respectively.

In accordance with authoritative accounting guidance, the Company groups plan assets into a three-level hierarchy for valuation techniques used to measure their fair value based on whether the valuation inputs are observable or unobservable. Refer to Note 22 for further discussion on these levels.

The assets of the qualified pension plans include investments in equity and U.S. Treasury securities whose fair values are determined based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy. The qualified pension plans also invest in U.S. agency, corporate and municipal debt securities, which are all valued based on observable market prices or data by third party pricing services, and mutual funds which are valued based on quoted net asset values provided by the trustee of the fund; these assets are classified as Level 2. Additionally, the qualified pension plans invest in certain assets that are valued based on net asset values as a practical expedient, including investments in collective investment funds, hedge funds, and private equity funds; the net asset values are provided by the fund trustee or administrator and are not classified in the fair value hierarchy.

The following table summarizes plan investment assets measured at fair value at December 31:

	Qualified Pension Plans							
	2021				2020			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 43	$ –	$–	$ 43	$ 975	$ –	$–	$ 975
Debt securities	1,022	1,096	–	2,118	894	1,224	–	2,118
Mutual funds								
Debt securities	–	409	–	409	–	371	–	371
Emerging markets equity securities	–	188	–	188	–	174	–	174
Other	–	–	4	4	–	–	6	6
	$1,065	$1,693	$4	2,762	$1,869	$1,769	$6	3,644
Plan investment assets not classified in fair value hierarchy[a]:								
Collective investment funds								
Domestic equity securities				1,958				1,515
Mid-small cap equity securities[b]				433				431
International equity securities				867				718
Domestic real estate securities				829				520
Hedge funds[c]				450				251
Private equity funds[d]				814				419
Total plan investment assets at fair value				$8,113				$7,498

(a) These investments are valued based on net asset value per share as a practical expedient; fair values are provided to reconcile to total investment assets of the plans at fair value.

(b) At December 31, 2021 and 2020, securities included $433 million and $431 million in domestic equities, respectively.

(c) This category consists of several investment strategies diversified across several hedge fund managers.

(d) This category consists of several investment strategies diversified across several private equity fund managers.

The following table summarizes the changes in fair value for qualified pension plans investment assets measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	2021 Other	2020 Other	2019 Other
Balance at beginning of period	$ 6	$3	$3
Unrealized gains (losses) relating to assets still held at end of year	(2)	3	–
Purchases, sales, and settlements, net	–	–	–
Balance at end of period	$ 4	$6	$3

The following benefit payments are expected to be paid from the retirement plans for the years ended December 31:

(Dollars in Millions)	Pension Plans	Postretirement Welfare Plan[a]
2022	$ 264	$ 4
2023	286	4
2024	305	4
2025	357	3
2026	347	3
2027-2031	1,975	11

(a) Net of expected retiree contributions and before Medicare Part D subsidy.

NOTE 18 Stock-Based Compensation

As part of its employee and director compensation programs, the Company currently may grant certain stock awards under the provisions of its stock incentive plan. The plan provides for grants of options to purchase shares of common stock at a fixed price equal to the fair value of the underlying stock at the date of grant. Option grants are generally exercisable up to ten years from the date of grant. In addition, the plan provides for grants of shares of common stock or stock units that are subject to restriction on transfer prior to vesting. Most stock and unit awards vest over three to five years and are subject to forfeiture if certain vesting requirements are not met. Stock incentive plans of acquired companies are generally terminated at the merger closing dates. Participants under such plans receive the Company's common stock, or options to buy the Company's common stock, based on the conversion terms of the various merger agreements. At December 31, 2021, there were 24 million shares (subject to adjustment for forfeitures) available for grant under the Company's stock incentive plan.

Stock Option Awards

The following is a summary of stock options outstanding and exercised under prior and existing stock incentive plans of the Company:

Year Ended December 31	Stock Options/Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
2021				
Number outstanding at beginning of period	5,180,391	$40.38		
Exercised	(1,281,646)	33.66		
Cancelled[a]	(8,614)	48.20		
Number outstanding at end of period[b]	3,890,131	$42.58	3.3	$ 53
Exercisable at end of period	3,890,131	$42.58	3.3	$ 53
2020				
Number outstanding at beginning of period	5,718,256	$39.25		
Exercised	(513,293)	27.48		
Cancelled[a]	(24,572)	45.08		
Number outstanding at end of period[b]	5,180,391	$40.38	3.7	$ 32
Exercisable at end of period	4,942,077	$39.68	3.6	$ 34
2019				
Number outstanding at beginning of period	9,115,010	$34.52		
Exercised	(3,333,467)	26.36		
Cancelled[a]	(63,287)	36.74		
Number outstanding at end of period[b]	5,718,256	$39.25	4.4	$115
Exercisable at end of period	4,869,805	$37.67	4.0	$105

Note: The Company did not grant any stock option awards during 2021, 2020 and 2019.

(a) Options cancelled include both non-vested (i.e., forfeitures) and vested options.

(b) Outstanding options include stock-based awards that may be forfeited in future periods. The impact of the estimated forfeitures is reflected in compensation expense.

Stock-based compensation expense is based on the estimated fair value of the award at the date of grant or modification. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model, requiring the use of subjective assumptions. Because employee stock options have characteristics that differ from those of traded options, including vesting provisions and trading limitations that impact their liquidity, the determined value used to measure compensation expense may vary from the actual fair value of the employee stock options.

The following summarizes certain stock option activity of the Company:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Fair value of options vested	$ 3	$ 7	$10
Intrinsic value of options exercised	27	11	95
Cash received from options exercised	43	14	88
Tax benefit realized from options exercised	7	3	24

To satisfy option exercises, the Company predominantly uses treasury stock.

Additional information regarding stock options outstanding as of December 31, 2021, is as follows:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$25.01—$30.00	251,126	.1	$28.63	251,126	$28.63
$30.01—$35.00	446,538	1.1	33.98	446,538	33.98
$35.01—$40.00	1,051,053	4.1	39.49	1,051,053	39.49
$40.01—$45.00	1,269,994	2.7	42.43	1,269,994	42.43
$45.01—$50.00	—	—	—	—	—
$50.01—$55.01	871,420	5.1	54.96	871,420	54.96
	3,890,131	3.3	$42.58	3,890,131	$42.58

Restricted Stock and Unit Awards

A summary of the status of the Company's restricted shares of stock and unit awards is presented below:

	2021		2020		2019	
Year Ended December 31	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	6,343,313	$51.38	6,606,833	$48.99	6,719,298	$48.17
Granted	4,512,995	52.54	3,552,923	53.90	3,519,474	50.45
Vested	(3,793,978)	53.27	(3,534,770)	49.28	(3,270,778)	48.69
Cancelled	(249,577)	52.83	(281,673)	53.51	(361,161)	50.55
Outstanding at end of period	6,812,753	$51.04	6,343,313	$51.38	6,606,833	$48.99

The total fair value of shares vested was $191 million, $182 million and $175 million for the years ended December 31, 2021, 2020 and 2019, respectively. Stock-based compensation expense was $207 million, $189 million and $178 million for the years ended December 31, 2021, 2020 and 2019, respectively. On an after-tax basis, stock-based compensation was $155 million, $142 million and $133 million for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, there was $155 million of total unrecognized compensation cost related to nonvested share-based arrangements granted under the plans. That cost is expected to be recognized over a weighted-average period of 1.9 years as compensation expense.

NOTE 19 Income Taxes

The components of income tax expense were:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Federal			
Current	$1,203	$1,146	$1,162
Deferred	469	(291)	166
Federal income tax	1,672	855	1,328
State			
Current	398	355	379
Deferred	111	(144)	(59)
State income tax	509	211	320
Total income tax provision	$2,181	$1,066	$1,648

A reconciliation of expected income tax expense at the federal statutory rate of 21 percent to the Company's applicable income tax expense follows:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Tax at statutory rate	$2,135	$1,271	$1,805
State income tax, at statutory rates, net of federal tax benefit	439	240	355
Tax effect of			
Tax credits and benefits, net of related expenses	(331)	(370)	(424)
Tax-exempt income	(114)	(117)	(120)
Nondeductible legal and regulatory expenses	24	29	23
Other items[(a)]	28	13	9
Applicable income taxes	$2,181	$1,066	$1,648

(a) Includes excess tax benefits associated with stock-based compensation and adjustments related to deferred tax assets and liabilities.

The tax effects of fair value adjustments on securities available-for-sale, derivative instruments in cash flow hedges, foreign currency translation adjustments, and pension and post-retirement plans are recorded directly to shareholders' equity as part of other comprehensive income (loss).

In preparing its tax returns, the Company is required to interpret complex tax laws and regulations and utilize income and cost allocation methods to determine its taxable income. On an ongoing basis, the Company is subject to examinations by federal, state, local and foreign taxing authorities that may give rise to differing interpretations of these complex laws, regulations and methods. Due to the nature of the examination process, it generally takes years before these examinations are completed and matters are resolved. Federal tax examinations for all years ending through December 31, 2014 are completed and resolved. The Company's tax returns for the years ended December 31, 2015, 2016, 2017 and 2018 are under examination by the Internal Revenue Service. The years open to examination by foreign, state and local government authorities vary by jurisdiction.

A reconciliation of the changes in the federal, state and foreign uncertain tax position balances are summarized as follows:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Balance at beginning of period	$474	$432	$335
Additions for tax positions taken in prior years	14	62	168
Additions for tax positions taken in the current year	7	6	6
Exam resolutions	(1)	(8)	(62)
Statute expirations	(7)	(18)	(15)
Balance at end of period	$487	$474	$432

The total amount of uncertain tax positions that, if recognized, would impact the effective income tax rate as of December 31, 2021, 2020 and 2019, were $285 million, $280 million and $274 million, respectively. The Company classifies interest and penalties related to uncertain tax positions as a component of income tax expense. At December 31, 2021, the Company's uncertain tax position balance included $45 million of accrued interest and penalties. During the years ended December 31, 2021, 2020 and 2019 the Company recorded approximately $5 million, $5 million and $7 million, respectively, in interest and penalties on uncertain tax positions.

Deferred income tax assets and liabilities reflect the tax effect of estimated temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for the same items for income tax reporting purposes.

The significant components of the Company's net deferred tax asset (liability) follows:

At December 31 (Dollars in Millions)	2021	2020
Deferred Tax Assets		
Federal, state and foreign net operating loss and credit carryforwards	$ 2,331	$ 2,495
Allowance for credit losses	1,561	2,042
Accrued expenses	568	554
Obligation for operating leases	281	293
Securities available-for-sale and financial instruments	163	—
Stock compensation	76	84
Pension and postretirement benefits	8	108
Partnerships and other investment assets	—	9
Other deferred tax assets, net	451	383
Gross deferred tax assets	5,439	5,968
Deferred Tax Liabilities		
Leasing activities	(2,263)	(2,511)
Goodwill and other intangible assets	(845)	(802)
Mortgage servicing rights	(593)	(408)
Right of use operating leases	(246)	(249)
Fixed assets	(238)	(226)
Loans	(85)	(112)
Partnerships and other investment assets	(8)	—
Securities available-for-sale and financial instruments	—	(755)
Other deferred tax liabilities, net	(127)	(145)
Gross deferred tax liabilities	(4,405)	(5,208)
Valuation allowance	(249)	(163)
Net Deferred Tax Asset	$ 785	$ 597

The Company has approximately $2.8 billion of federal, state and foreign net operating loss carryforwards which expire at various times beginning in 2022. A substantial portion of these carryforwards relate to state-only net operating losses, for which the related deferred tax asset is subject to a full valuation allowance as the carryforwards are not expected to be realized within the carryforward period. Management has determined it is more likely than not the other net deferred tax assets could be realized through carry back to taxable income in prior years, future reversals of existing taxable temporary differences and future taxable income.

In addition, the Company has $2.1 billion of federal credit carryforwards which expire at various times through 2041 which are not subject to a valuation allowance as management believes that it is more likely than not that the credits will be utilized within the carryforward period.

At December 31, 2021, retained earnings included approximately $102 million of base year reserves of acquired thrift institutions, for which no deferred federal income tax liability has been recognized. These base year reserves would be recaptured if certain subsidiaries of the Company cease to qualify as a bank for federal income tax purposes. The base year reserves also remain subject to income tax penalty provisions that, in general, require recapture upon certain stock redemptions of, and excess distributions to, stockholders.

NOTE 20 Derivative Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. The Company recognizes all derivatives on the Consolidated Balance Sheet at fair value in other assets or in other liabilities. On the date the Company enters into a derivative contract, the derivative is designated as either a fair value hedge, cash flow hedge, net investment hedge, or a designation is not made as it is a customer-related transaction, an economic hedge for asset/liability risk management purposes or another stand-alone derivative created through the Company's operations ("free-standing derivative"). When a derivative is designated as a fair value, cash flow or net investment hedge, the Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

Fair Value Hedges These derivatives are interest rate swaps the Company uses to hedge the change in fair value related to interest rate changes of its underlying available-for-sale investment securities and fixed-rate debt. Changes in the fair value of derivatives designated as fair value hedges, and changes in the fair value of the hedged items, are recorded in earnings.

Cash Flow Hedges These derivatives are interest rate swaps the Company uses to hedge the forecasted cash flows from its underlying variable-rate debt. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) until the cash flows of the hedged items are realized. If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss). At December 31, 2021, the Company had $85 million (net-of-tax) of realized and unrealized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared with $189 million (net-of-tax) of realized and unrealized losses at December 31, 2020. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss of $27 million (net-of-tax). All cash flow hedges were highly effective for the year ended December 31, 2021. There were no cash flow hedges at December 31, 2021.

Net Investment Hedges The Company uses forward commitments to sell specified amounts of certain foreign currencies, and non-derivative debt instruments, to hedge the volatility of its net investment in foreign operations driven by fluctuations in foreign currency exchange rates. The carrying amount of non-derivative debt instruments designated as net investment hedges was $1.3 billion at December 31, 2021, compared with $1.4 billion December 31, 2020.

Other Derivative Positions The Company enters into free-standing derivatives to mitigate interest rate risk and for other risk management purposes. These derivatives include forward commitments to sell to-be-announced securities ("TBAs") and other commitments to sell residential mortgage loans, which are used to economically hedge the interest rate risk related to mortgage loans held for sale ("MLHFS") and unfunded mortgage loan commitments. The Company also enters into interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to economically hedge the change in the fair value of the Company's MSRs. The Company also enters into foreign currency forwards to economically hedge remeasurement gains and losses the Company recognizes on foreign currency denominated assets and liabilities. In addition, the Company acts as a seller and buyer of interest rate derivatives and foreign exchange contracts for its customers. The Company mitigates the market and liquidity risk associated with these customer derivatives by entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure to earnings from these customer-related positions. The Company's customer derivatives and related hedges are monitored and reviewed by the Company's Market Risk Committee, which establishes policies for market risk management, including exposure limits for each portfolio. The Company also has derivative contracts that are created through its operations, including certain unfunded mortgage loan commitments and swap agreements related to the sale of a portion of its Class B common and preferred shares of Visa Inc. Refer to Note 22 for further information on these swap agreements.

The following table summarizes the asset and liability management derivative positions of the Company at December 31:

(Dollars in Millions)	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities	2020 Notional Value	2020 Fair Value Assets	2020 Fair Value Liabilities
Fair value hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	$ 12,350	$ –	$ –	$ 8,400	$ –	$ –
Pay fixed/receive floating swaps	16,650	–	–	100	–	–
Cash flow hedges						
Interest rate contracts						
Pay fixed/receive floating swaps	–	–	–	3,250	–	–
Net investment hedges						
Foreign exchange forward contracts	793	–	4	815	–	3
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	9,322	10	16	18,356	73	5
Sell	29,348	25	27	39,416	48	157
Options						
Purchased	18,570	256	–	11,610	121	–
Written	9,662	52	231	12,843	202	198
Receive fixed/pay floating swaps	9,653	–	–	11,971	–	–
Pay fixed/receive floating swaps	7,033	–	–	8,616	–	–
Foreign exchange forward contracts	735	2	6	633	1	2
Equity contracts	209	5	–	172	3	–
Other [(a)]	1,792	–	125	1,879	1	183
Total	$116,117	$350	$409	$118,061	$449	$548

(a) Includes derivative liability swap agreements related to the sale of a portion of the Company's Class B common and preferred shares of Visa Inc. The Visa swap agreements had a total notional value and fair value of $1.8 billion and $125 million at December 31, 2021, respectively, compared to $1.8 billion and $182 million at December 31, 2020, respectively. In addition, includes short-term underwriting purchase and sale commitments with total asset and liability notional values of $4 million at December 31, 2021, and $47 million at December 31, 2020.

The following table summarizes the customer-related derivative positions of the Company at December 31:

(Dollars in Millions)	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities	2020 Notional Value	2020 Fair Value Assets	2020 Fair Value Liabilities
Interest rate contracts						
Receive fixed/pay floating swaps	$178,701	$2,007	$ 438	$156,886	$3,782	$ 99
Pay fixed/receive floating swaps	174,176	134	670	150,011	2	1,239
Other [(a)]	16,267	1	2	16,308	6	3
Options						
Purchased	89,679	194	36	74,109	111	46
Written	85,211	36	176	69,941	46	81
Futures						
Buy	3,607	–	–	2,775	–	–
Sell	3,941	–	–	4,090	–	–
Foreign exchange rate contracts						
Forwards, spots and swaps	89,321	1,145	1,143	90,837	1,590	1,565
Options						
Purchased	805	19	–	519	14	–
Written	805	–	19	519	–	14
Credit contracts	9,331	1	5	10,355	1	7
Total	$651,844	$3,537	$2,489	$576,350	$5,552	$3,054

(a) Primarily represents floating rate interest rate swaps that pay based on differentials between specified interest rate indexes.

The table below shows the effective portion of the gains (losses) recognized in other comprehensive income (loss) and the gains (losses) reclassified from other comprehensive income (loss) into earnings (net-of-tax) for the years ended December 31:

	Gains (Losses) Recognized in Other Comprehensive Income (Loss)			Gains (Losses) Reclassified from Other Comprehensive Income (Loss) into Earnings		
(Dollars in Millions)	2021	2020	2019	2021	2020	2019
Asset and Liability Management Positions						
Cash flow hedges						
Interest rate contracts	$94	$(145)	$(171)	$(10)	$(7)	$(8)
Net investment hedges						
Foreign exchange forward contracts	19	(21)	3	–	–	–
Non-derivative debt instruments	84	(90)	13	–	–	–

Note: The Company does not exclude components from effectiveness testing for cash flow and net investment hedges.

The table below shows the effect of fair value and cash flow hedge accounting on the Consolidated Statement of Income for the years ended December 31:

	Interest Income			Interest Expense		
(Dollars in Millions)	2021	2020	2019	2021	2020	2019
Total amount of income and expense line items presented in the Consolidated Statement of Income in which the effects of fair value or cash flow hedges are recorded	$13,487	$14,840	$17,494	$ 993	$2,015	$4,442
Asset and Liability Management Positions						
Fair value hedges						
Interest rate contract derivatives	17	1	–	232	(134)	(44)
Hedged items	(19)	(1)	–	(232)	134	44
Cash flow hedges						
Interest rate contract derivatives	–	–	–	14	10	11

Note: The Company does not exclude components from effectiveness testing for fair value and cash flow hedges. The Company reclassified losses of $53 million and $41 million into earnings during the years ended December 31, 2021 and 2020, respectively, as a result of realized cash flows on discontinued cash flow hedges. The Company did not reclassify gains or losses into earnings as a result of realized cash flows on discontinued cash flow hedges during the year ended December 31, 2019. No amounts were reclassified into earnings on discontinued cash flow hedges because it is probable the original hedged forecasted cash flows will not occur.

The table below shows cumulative hedging adjustments and the carrying amount of assets and liabilities designated in fair value hedges:

	Carrying Amount of the Hedged Assets and Liabilities		Cumulative Hedging Adjustment[(a)]	
At December 31 (Dollars in Millions)	2021	2020	2021	2020
Line Item in the Consolidated Balance Sheet				
Available-for-sale investment securities	$16,445	$ 99	$ (26)	$(1)
Long-term debt	12,278	8,567	585	903

(a) The cumulative hedging adjustment related to discontinued hedging relationships on available-for-sale investment securities and long-term debt was $(6) million and $640 million, respectively, at December 31, 2021. The cumulative hedging adjustment related to discontinued hedging relationships on long-term debt was $726 million at December 31, 2020.

The table below shows the gains (losses) recognized in earnings for other economic hedges and the customer-related positions for the years ended December 31:

(Dollars in Millions)	Location of Gains (Losses) Recognized in Earnings	2021	2020	2019
Asset and Liability Management Positions				
Other economic hedges				
Interest rate contracts				
Futures and forwards	Mortgage banking revenue/ other noninterest income	$ 511	$ 82	$ 34
Purchased and written options	Mortgage banking revenue	527	1,527	432
Swaps	Mortgage banking revenue	(197)	598	316
Foreign exchange forward contracts	Other noninterest income	1	3	(24)
Equity contracts	Compensation expense	7	3	—
Other	Other noninterest income	5	(70)	(140)
Customer-Related Positions				
Interest rate contracts				
Swaps	Commercial products revenue	110	135	82
Purchased and written options	Commercial products revenue	(5)	(8)	10
Futures	Commercial products revenue	3	(18)	(5)
Foreign exchange rate contracts				
Forwards, spots and swaps	Commercial products revenue	93	78	82
Purchased and written options	Commercial products revenue	1	1	1
Credit contracts	Commercial products revenue	(7)	(32)	(18)

Derivatives are subject to credit risk associated with counterparties to the derivative contracts. The Company measures that credit risk using a credit valuation adjustment and includes it within the fair value of the derivative. The Company manages counterparty credit risk through diversification of its derivative positions among various counterparties, by entering into derivative positions that are centrally cleared through clearinghouses, by entering into master netting arrangements and, where possible, by requiring collateral arrangements. A master netting arrangement allows two counterparties, who have multiple derivative contracts with each other, the ability to net settle amounts under all contracts, including any related collateral, through a single payment and in a single currency. Collateral arrangements generally require the counterparty to deliver collateral (typically cash or U.S. Treasury and agency securities) equal to the Company's net derivative receivable, subject to minimum transfer and credit rating requirements.

The Company's collateral arrangements are predominately bilateral and, therefore, contain provisions that require collateralization of the Company's net liability derivative positions. Required collateral coverage is based on net liability thresholds and may be contingent upon the Company's credit rating from two of the nationally recognized statistical rating organizations. If the Company's credit rating were to fall below credit ratings thresholds established in the collateral arrangements, the counterparties to the derivatives could request immediate additional collateral coverage up to and including full collateral coverage for derivatives in a net liability position. The aggregate fair value of all derivatives under collateral arrangements that were in a net liability position at December 31, 2021, was $731 million. At December 31, 2021, the Company had $508 million of cash posted as collateral against this net liability position.

NOTE 21 Netting Arrangements for Certain Financial Instruments and Securities Financing Activities

The Company's derivative portfolio consists of bilateral over-the-counter trades, certain interest rate derivatives and credit contracts required to be centrally cleared through clearinghouses per current regulations, and exchange-traded positions which may include U.S. Treasury and Eurodollar futures or options on U.S. Treasury futures. Of the Company's $768.0 billion total notional amount of derivative positions at December 31, 2021, $402.0 billion related to bilateral over-the-counter trades, $345.1 billion related to those centrally cleared through clearinghouses and $20.9 billion related to those that were exchange-traded. The Company's derivative contracts typically include offsetting rights (referred to as netting arrangements), and depending on expected volume, credit risk, and counterparty preference, collateral maintenance may be required. For all derivatives under collateral support arrangements, fair value is determined daily and, depending on the collateral maintenance requirements, the Company and a counterparty may receive or deliver collateral, based upon the net fair value of all derivative positions between the Company and the counterparty. Collateral is typically cash, but securities may be allowed under collateral arrangements with certain counterparties. Receivables and payables related to cash collateral are included in other assets and other liabilities on the Consolidated Balance Sheet, along with the related derivative asset and liability fair values. Any securities pledged to counterparties as collateral remain on the Consolidated Balance Sheet. Securities received from counterparties as collateral are not recognized on the Consolidated Balance Sheet, unless the counterparty defaults. In general, securities used as collateral can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Refer to Note 20 for further discussion of the Company's derivatives, including collateral arrangements.

As part of the Company's treasury and broker-dealer operations, the Company executes transactions that are treated as securities sold under agreements to repurchase or securities purchased under agreements to resell, both of which are accounted for as collateralized financings. Securities sold under agreements to repurchase include repurchase agreements and securities loaned transactions. Securities purchased under agreements to resell include reverse repurchase agreements and securities borrowed transactions. For securities sold under agreements to repurchase, the Company records a liability for the cash received, which is included in short-term borrowings on the Consolidated Balance Sheet. For securities purchased under agreements to resell, the Company records a receivable for the cash paid, which is included in other assets on the Consolidated Balance Sheet.

Securities transferred to counterparties under repurchase agreements and securities loaned transactions continue to be recognized on the Consolidated Balance Sheet, are measured at fair value, and are included in investment securities or other assets. Securities received from counterparties under reverse repurchase agreements and securities borrowed transactions are not recognized on the Consolidated Balance Sheet unless the counterparty defaults. The securities transferred under repurchase and reverse repurchase transactions typically are U.S. Treasury and agency securities, residential agency mortgage-backed securities or corporate debt securities. The securities loaned or borrowed typically are corporate debt securities traded by the Company's broker-dealer subsidiary. In general, the securities transferred can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Repurchase/reverse repurchase and securities loaned/borrowed transactions expose the Company to counterparty risk. The Company manages this risk by performing assessments, independent of business line managers, and establishing concentration limits on each counterparty. Additionally, these transactions include collateral arrangements that require the fair values of the underlying securities to be determined daily, resulting in cash being obtained or refunded to counterparties to maintain specified collateral levels.

The following table summarizes the maturities by category of collateral pledged for repurchase agreements and securities loaned transactions:

(Dollars in Millions)	Overnight and Continuous	Less Than 30 Days	30-89 Days	Greater Than 90 Days	Total
December 31, 2021					
Repurchase agreements					
U.S. Treasury and agencies	$ 378	$–	$–	$–	$ 378
Residential agency mortgage-backed securities	551	–	–	–	551
Corporate debt securities	646	–	–	–	646
Total repurchase agreements	1,575	–	–	–	1,575
Securities loaned					
Corporate debt securities	169	–	–	–	169
Total securities loaned	169	–	–	–	169
Gross amount of recognized liabilities	$1,744	$–	$–	$–	$1,744
December 31, 2020					
Repurchase agreements					
U.S. Treasury and agencies	$ 472	$–	$–	$–	$ 472
Residential agency mortgage-backed securities	398	–	–	–	398
Corporate debt securities	560	–	–	–	560
Total repurchase agreements	1,430	–	–	–	1,430
Securities loaned					
Corporate debt securities	218	–	–	–	218
Total securities loaned	218	–	–	–	218
Gross amount of recognized liabilities	$1,648	$–	$–	$–	$1,648

The Company executes its derivative, repurchase/reverse repurchase and securities loaned/borrowed transactions under the respective industry standard agreements. These agreements include master netting arrangements that allow for multiple contracts executed with the same counterparty to be viewed as a single arrangement. This allows for net settlement of a single amount on a daily basis. In the event of default, the master netting arrangement provides for close-out netting, which allows all of these positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The Company has elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of the majority of its derivative counterparties. The netting occurs at the counterparty level, and includes all assets and liabilities related to the derivative contracts, including those associated with cash collateral received or delivered. The Company has not elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of repurchase/reverse repurchase and securities loaned/borrowed transactions.

The following tables provide information on the Company's netting adjustments, and items not offset on the Consolidated Balance Sheet but available for offset in the event of default:

(Dollars in Millions)	Gross Recognized Assets	Gross Amounts Offset on the Consolidated Balance Sheet[a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments[b]	Collateral Received[c]	
December 31, 2021						
Derivative assets[d]	$3,830	$(1,609)	$2,221	$(142)	$ (106)	$1,973
Reverse repurchase agreements	359	–	359	(249)	(110)	–
Securities borrowed	1,868	–	1,868	–	(1,818)	50
Total	$6,057	$(1,609)	$4,448	$(391)	$(2,034)	$2,023
December 31, 2020						
Derivative assets[d]	$5,744	$(1,874)	$3,870	$(109)	$ (287)	$3,474
Reverse repurchase agreements	377	–	377	(262)	(115)	–
Securities borrowed	1,716	–	1,716	–	(1,670)	46
Total	$7,837	$(1,874)	$5,963	$(371)	$(2,072)	$3,520

(a) Includes $528 million and $898 million of cash collateral related payables that were netted against derivative assets at December 31, 2021 and 2020, respectively.

(b) For derivative assets this includes any derivative liability fair values that could be offset in the event of counterparty default; for reverse repurchase agreements this includes any repurchase agreement payables that could be offset in the event of counterparty default; for securities borrowed this includes any securities loaned payables that could be offset in the event of counterparty default.

(c) Includes the fair value of securities received by the Company from the counterparty. These securities are not included on the Consolidated Balance Sheet unless the counterparty defaults.

(d) Excludes $57 million and $257 million at December 31, 2021 and 2020, respectively, of derivative assets not subject to netting arrangements.

(Dollars in Millions)	Gross Recognized Liabilities	Gross Amounts Offset on the Consolidated Balance Sheet[a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments[b]	Collateral Pledged[c]	
December 31, 2021						
Derivative liabilities[d]	$2,761	$(1,589)	$1,172	$(142)	$ –	$1,030
Repurchase agreements	1,575	–	1,575	(249)	(1,326)	–
Securities loaned	169	–	169	–	(167)	2
Total	$4,505	$(1,589)	$2,916	$(391)	$(1,493)	$1,032
December 31, 2020						
Derivative liabilities[d]	$3,419	$(2,312)	$1,107	$(109)	$ –	$ 998
Repurchase agreements	1,430	–	1,430	(262)	(1,168)	–
Securities loaned	218	–	218	–	(215)	3
Total	$5,067	$(2,312)	$2,755	$(371)	$(1,383)	$1,001

(a) Includes $508 million and $1.3 billion of cash collateral related receivables that were netted against derivative liabilities at December 31, 2021 and 2020, respectively.

(b) For derivative liabilities this includes any derivative asset fair values that could be offset in the event of counterparty default; for repurchase agreements this includes any reverse repurchase agreement receivables that could be offset in the event of counterparty default; for securities loaned this includes any securities borrowed receivables that could be offset in the event of counterparty default.

(c) Includes the fair value of securities pledged by the Company to the counterparty. These securities are included on the Consolidated Balance Sheet unless the Company defaults.

(d) Excludes $137 million and $183 million at December 31, 2021 and 2020, respectively, of derivative liabilities not subject to netting arrangements.

NOTE 22 Fair Values of Assets and Liabilities

The Company uses fair value measurements for the initial recording of certain assets and liabilities, periodic remeasurement of certain assets and liabilities, and disclosures. Derivatives, trading and available-for-sale investment securities, MSRs and substantially all MLHFS are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-fair value accounting or impairment write-downs of individual assets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value measurement reflects all of the assumptions that market participants would use in pricing the asset or liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The Company groups its assets and liabilities measured at fair value into a three-level hierarchy for valuation techniques used to measure financial assets and financial liabilities at fair value. This hierarchy is based on whether the valuation inputs are observable or unobservable. These levels are:

- Level 1 — Quoted prices in active markets for identical assets or liabilities. Level 1 includes U.S. Treasury securities, as well as exchange-traded instruments.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 includes debt securities that are traded less frequently than exchange-traded instruments and which are typically valued using third party pricing services; derivative contracts and other assets and liabilities, including securities, whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data; and MLHFS whose values are determined using quoted prices for similar assets or pricing models with inputs that are observable in the market or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes MSRs and certain derivative contracts.

Valuation Methodologies

The valuation methodologies used by the Company to measure financial assets and liabilities at fair value are described below. In addition, the following section includes an indication of the level of the fair value hierarchy in which the assets or liabilities are classified. Where appropriate, the descriptions include information about the valuation models and key inputs to those models. During the years ended December 31, 2021, 2020 and 2019, there were no significant changes to the valuation techniques used by the Company to measure fair value.

Available-For-Sale Investment Securities When quoted market prices for identical securities are available in an active market, these prices are used to determine fair value and these securities are classified within Level 1 of the fair value hierarchy. Level 1 investment securities include U.S. Treasury and exchange-traded securities.

For other securities, quoted market prices may not be readily available for the specific securities. When possible, the Company determines fair value based on market observable information, including quoted market prices for similar securities, inactive transaction prices, and broker quotes. These securities are classified within Level 2 of the fair value hierarchy. Level 2 valuations are generally provided by a third-party pricing service. Level 2 investment securities are predominantly agency mortgage-backed securities, certain other asset-backed securities, obligations of state and political subdivisions and agency debt securities.

Mortgage Loans Held For Sale MLHFS measured at fair value, for which an active secondary market and readily available market prices exist, are initially valued at the transaction price and are subsequently valued by comparison to instruments with similar collateral and risk profiles. MLHFS are classified within Level 2. Included in mortgage banking revenue was a net loss of $145 million, a net gain of $362 million and a net gain of $73 million for the years ended December 31, 2021, 2020 and 2019, respectively, from the changes to fair value of these MLHFS under fair value option accounting guidance. Changes in fair value due to instrument specific credit risk were immaterial. Interest income for MLHFS is measured based on contractual interest rates and reported as interest income on the Consolidated Statement of Income. Electing to measure MLHFS at fair value reduces certain timing differences and better matches changes in fair value of these assets with changes in the value of the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.

Mortgage Servicing Rights MSRs are valued using a discounted cash flow methodology, and are classified within Level 3. The Company determines fair value of the MSRs by projecting future cash flows for different interest rate scenarios using prepayment rates and other assumptions, and discounts

these cash flows using a risk adjusted rate based on option adjusted spread levels. There is minimal observable market activity for MSRs on comparable portfolios and, therefore, the determination of fair value requires significant management judgment. Refer to Note 10 for further information on MSR valuation assumptions.

Derivatives The majority of derivatives held by the Company are executed over-the-counter or centrally cleared through clearinghouses and are valued using market standard cash flow valuation techniques. The models incorporate inputs, depending on the type of derivative, including interest rate curves, foreign exchange rates and volatility. All derivative values incorporate an assessment of the risk of counterparty nonperformance, measured based on the Company's evaluation of credit risk including external assessments of credit risk. The Company monitors and manages its nonperformance risk by considering its ability to net derivative positions under master netting arrangements, as well as collateral received or provided under collateral arrangements. Accordingly, the Company has elected to measure the fair value of derivatives, at a counterparty level, on a net basis. The majority of the derivatives are classified within Level 2 of the fair value hierarchy, as the significant inputs to the models, including nonperformance risk, are observable. However, certain derivative transactions are with counterparties where risk of nonperformance cannot be observed in the market and, therefore, the credit valuation adjustments result in these derivatives being classified within Level 3 of the fair value hierarchy.

The Company also has other derivative contracts that are created through its operations, including commitments to purchase and originate mortgage loans and swap agreements executed in conjunction with the sale of a portion of its Class B common and preferred shares of Visa Inc. (the "Visa swaps"). The mortgage loan commitments are valued by pricing models that include market observable and unobservable inputs, which result in the commitments being classified within Level 3 of the fair value hierarchy. The unobservable inputs include assumptions about the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. The Visa swaps require payments by either the Company or the purchaser of the Visa Inc. Class B common and preferred shares when there are changes in the conversion rate of the Visa Inc. Class B common and preferred shares to Visa Inc. Class A common and preferred shares, respectively, as well as quarterly payments to the purchaser based on specified terms of the agreements. Management reviews and updates the Visa swaps fair value in conjunction with its review of Visa Inc. related litigation contingencies, and the associated escrow funding. The expected litigation resolution impacts the Visa Inc. Class B common share to Visa Inc. Class A common share conversion rate, as well as the ultimate termination date for the Visa swaps. Accordingly, the Visa swaps are classified within Level 3. Refer to Note 23 for further information on the Visa Inc. restructuring and related card association litigation.

Significant Unobservable Inputs of Level 3 Assets and Liabilities

The following section provides information to facilitate an understanding of the uncertainty in the fair value measurements for the Company's Level 3 assets and liabilities recorded at fair value on the Consolidated Balance Sheet. This section includes a description of the significant inputs used by the Company and a description of any interrelationships between these inputs. The discussion below excludes nonrecurring fair value measurements of collateral value used for impairment measures for loans and OREO. These valuations utilize third party appraisal or broker price opinions, and are classified as Level 3 due to the significant judgment involved.

Mortgage Servicing Rights The significant unobservable inputs used in the fair value measurement of the Company's MSRs are expected prepayments and the option adjusted spread that is added to the risk-free rate to discount projected cash flows. Significant increases in either of these inputs in isolation would have resulted in a significantly lower fair value measurement. Significant decreases in either of these inputs in isolation would have resulted in a significantly higher fair value measurement. There is no direct interrelationship between prepayments and option adjusted spread. Prepayment rates generally move in the opposite direction of market interest rates. Option adjusted spread is generally impacted by changes in market return requirements.

The following table shows the significant valuation assumption ranges for MSRs at December 31, 2021:

	Minimum	Maximum	Weighted-Average[a]
Expected prepayment	3%	13%	10%
Option adjusted spread	6	11	7

(a) Determined based on the relative fair value of the related mortgage loans serviced.

Derivatives The Company has two distinct Level 3 derivative portfolios: (i) the Company's commitments to purchase and originate mortgage loans that meet the requirements of a derivative and (ii) the Company's asset/liability and customer-related derivatives that are Level 3 due to unobservable inputs related to measurement of risk of nonperformance by the counterparty. In addition, the Company's Visa swaps are classified within Level 3.

The significant unobservable inputs used in the fair value measurement of the Company's derivative commitments to purchase and originate mortgage loans are the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. A significant increase in the rate of loans that close would have resulted in a larger derivative asset or liability. A significant increase in the inherent MSR value would have resulted in an increase in the derivative asset or a reduction in the derivative liability. Expected loan close rates and the inherent MSR values are directly impacted by changes in market rates and will generally move in the same direction as interest rates.

The following table shows the significant valuation assumption ranges for the Company's derivative commitments to purchase and originate mortgage loans at December 31, 2021:

	Minimum	Maximum	Weighted-Average[a]
Expected loan close rate	2%	100%	80%
Inherent MSR value (basis points per loan)	14	181	116

(a) Determined based on the relative fair value of the related mortgage loans.

The significant unobservable input used in the fair value measurement of certain of the Company's asset/liability and customer-related derivatives is the credit valuation adjustment related to the risk of counterparty nonperformance. A significant increase in the credit valuation adjustment would have resulted in a lower fair value measurement. A significant decrease in the credit valuation adjustment would have resulted in a higher fair value measurement. The credit valuation adjustment is impacted by changes in market rates, volatility, market implied credit spreads, and loss recovery rates, as well as the Company's assessment of the counterparty's credit position. At December 31, 2021, the minimum, maximum and weighted-average credit valuation adjustment as a percentage of the net fair value of the counterparty's derivative contracts prior to adjustment was 0 percent, 1,744 percent and 3 percent, respectively.

The significant unobservable inputs used in the fair value measurement of the Visa swaps are management's estimate of the probability of certain litigation scenarios occurring, and the timing of the resolution of the related litigation loss estimates in excess, or shortfall, of the Company's proportional share of escrow funds. An increase in the loss estimate or a delay in the resolution of the related litigation would have resulted in an increase in the derivative liability. A decrease in the loss estimate or an acceleration of the resolution of the related litigation would have resulted in a decrease in the derivative liability.

The following table summarizes the balances of assets and liabilities measured at fair value on a recurring basis:

(Dollars in Millions)	Level 1	Level 2	Level 3	Netting	Total
December 31, 2021					
Available-for-sale securities					
U.S. Treasury and agencies	$30,917	$ 5,692	$ –	$ –	$ 36,609
Mortgage-backed securities					
Residential agency	–	77,079	–	–	77,079
Commercial agency	–	8,485	–	–	8,485
Asset-backed securities	–	59	7	–	66
Obligations of state and political subdivisions	–	10,716	1	–	10,717
Other	–	7	–	–	7
Total available-for-sale	30,917	102,038	8	–	132,963
Mortgage loans held for sale	–	6,623	–	–	6,623
Mortgage servicing rights	–	–	2,953	–	2,953
Derivative assets	8	2,490	1,389	(1,609)	2,278
Other assets	278	1,921	–	–	2,199
Total	$31,203	$113,072	$4,350	$(1,609)	$147,016
Derivative liabilities	$ –	$ 2,308	$ 590	$(1,589)	$ 1,309
Short-term borrowings and other liabilities[a]	209	1,837	–	–	2,046
Total	$ 209	$ 4,145	$ 590	$(1,589)	$ 3,355
December 31, 2020					
Available-for-sale securities					
U.S. Treasury and agencies	$19,251	$ 3,140	$ –	$ –	$ 22,391
Mortgage-backed securities					
Residential agency	–	99,968	–	–	99,968
Commercial agency	–	5,406	–	–	5,406
Asset-backed securities	–	198	7	–	205
Obligations of state and political subdivisions	–	8,860	1	–	8,861
Other	–	9	–	–	9
Total available-for-sale	19,251	117,581	8	–	136,840
Mortgage loans held for sale	–	8,524	–	–	8,524
Mortgage servicing rights	–	–	2,210	–	2,210
Derivative assets	4	3,235	2,762	(1,874)	4,127
Other assets	302	1,601	–	–	1,903
Total	$19,557	$130,941	$4,980	$(1,874)	$153,604
Derivative liabilities	$ –	$ 3,166	$ 436	$(2,312)	$ 1,290
Short-term borrowings and other liabilities[a]	85	1,672	–	–	1,757
Total	$ 85	$ 4,838	$ 436	$(2,312)	$ 3,047

Note: Excluded from the table above are equity investments without readily determinable fair values. The Company has elected to carry these investments at historical cost, adjusted for impairment and any changes resulting from observable price changes for identical or similar investments of the issuer. The aggregate carrying amount of these equity investments was $79 million and $85 million at December 31, 2021 and 2020, respectively. The Company has not recorded impairments or adjustments for observable price changes on these equity investments during 2021 and 2020, or on a cumulative basis.

(a) Primarily represents the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

The following table presents the changes in fair value for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	Beginning of Period Balance	Net Gains (Losses) Included in Net Income	Net Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases	Sales	Principal Payments	Issuances	Settlements	Transfers into Level 3	End of Period Balance	Net Change in Unrealized Gains (Losses) Relating to Assets and Liabilities Held at End of Period
2021											
Available-for-sale securities											
Asset-backed securities	$ 7	$ –	$1	$ –	$ –	$(1)	$ –	$ –	$–	$ 7	$ 1
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	8	–	1	–	–	(1)	–	–	–	8	1
Mortgage servicing rights	2,210	(437)[a]	–	42	2	–	1,136[c]	–	–	2,953	(437)[a]
Net derivative assets and liabilities	2,326	(924)[b]	–	337	(3)	–	–	(937)	–	799	(968)[d]
2020											
Available-for-sale securities											
Asset-backed securities	$ 8	$ –	$–	$ –	$ –	$(1)	$ –	$ –	$–	$ 7	$ –
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	9	–	–	–	–	(1)	–	–	–	8	–
Mortgage servicing rights	2,546	(1,403)[a]	–	34	3	–	1,030[c]	–	–	2,210	(1,403)[a]
Net derivative assets and liabilities	810	2,922[e]	–	247	(3)	–	–	(1,650)	–	2,326	1,649[f]
2019											
Available-for-sale securities											
Asset-backed securities	$ –	$ –	$–	$ –	$ –	$ –	$ –	$ –	$8	$ 8	$ –
Obligations of state and political subdivisions	–	–	–	–	–	–	–	–	1	1	–
Total available-for-sale	–	–	–	–	–	–	–	–	9	9	–
Mortgage servicing rights	2,791	(829)[a]	–	20	5	–	559[c]	–	–	2,546	(829)[a]
Net derivative assets and liabilities	80	769[g]	–	142	(9)	–	–	(172)	–	810	782[h]

(a) Included in mortgage banking revenue.
(b) Approximately $666 million, $(1.6) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(c) Represents MSRs capitalized during the period.
(d) Approximately $42 million, $(1.0) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(e) Approximately $1.9 billion, $1.1 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(f) Approximately $247 million, $1.5 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(g) Approximately $482 million, $428 million and $(141) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(h) Approximately $35 million, $888 million and $(141) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

The Company is also required periodically to measure certain other financial assets at fair value on a nonrecurring basis. These measurements of fair value usually result from the application of lower-of-cost-or-fair value accounting or write-downs of individual assets. The following table summarizes the balances as of the measurement date of assets measured at fair value on a nonrecurring basis, and still held as of December 31:

	2021				2020			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans[a]	$–	$–	$59	$59	$–	$–	$385	$385
Other assets[b]	–	–	77	77	–	–	30	30

(a) Represents the carrying value of loans for which adjustments were based on the fair value of the collateral, excluding loans fully charged-off.
(b) Primarily represents the fair value of foreclosed properties that were measured at fair value based on an appraisal or broker price opinion of the collateral subsequent to their initial acquisition.

The following table summarizes losses recognized related to nonrecurring fair value measurements of individual assets or portfolios for the years ended December 31:

(Dollars in Millions)	2021	2020	2019
Loans[a]	$60	$426	$122
Other assets[b]	25	21	17

(a) Represents write-downs of loans which were based on the fair value of the collateral, excluding loans fully charged-off.

(b) Primarily represents related losses of foreclosed properties that were measured at fair value subsequent to their initial acquisition.

Fair Value Option

The following table summarizes the differences between the aggregate fair value carrying amount of MLHFS for which the fair value option has been elected and the aggregate unpaid principal amount that the Company is contractually obligated to receive at maturity as of December 31:

	2021			2020		
(Dollars in Millions)	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal
Total loans	$6,623	$6,453	$170	$8,524	$8,136	$388
Nonaccrual loans	1	1	—	1	1	—
Loans 90 days or more past due	2	2	—	2	2	—

Fair Value of Financial Instruments

The following section summarizes the estimated fair value for financial instruments accounted for at amortized cost as of December 31, 2021 and 2020. In accordance with disclosure guidance related to fair values of financial instruments, the Company did not include assets and liabilities that are not financial instruments, such as the value of goodwill, long-term relationships with deposit, credit card, merchant processing and trust customers, other purchased intangibles, premises and equipment, deferred taxes and other liabilities. Additionally, in accordance with the disclosure guidance, receivables and payables due in one year or less, insurance contracts, equity investments not accounted for at fair value, and deposits with no defined or contractual maturities are excluded.

The estimated fair values of the Company's financial instruments as of December 31, are shown in the table below:

	2021					2020				
	Carrying	Fair Value				Carrying	Fair Value			
(Dollars in Millions)	Amount	Level 1	Level 2	Level 3	Total	Amount	Level 1	Level 2	Level 3	Total
Financial Assets										
Cash and due from banks	$ 28,905	$28,905	$ –	$ –	$ 28,905	$ 62,580	$62,580	$ –	$ –	$ 62,580
Federal funds sold and securities purchased under resale agreements	359	–	359	–	359	377	–	377	–	377
Investment securities held-to-maturity	41,858	–	41,812	–	41,812	–	–	–	–	–
Loans held for sale[a]	1,152	–	–	1,152	1,152	237	–	–	237	237
Loans	306,304	–	–	312,724	312,724	290,393	–	–	300,419	300,419
Other[b]	1,521	–	630	891	1,521	1,772	–	731	1,041	1,772
Financial Liabilities										
Time deposits	22,665	–	22,644	–	22,644	30,694	–	30,864	–	30,864
Short-term borrowings[c]	9,750	–	9,646	–	9,646	10,009	–	9,956	–	9,956
Long-term debt	32,125	–	32,547	–	32,547	41,297	–	42,485	–	42,485
Other[d]	3,862	–	1,170	2,692	3,862	4,052	–	1,234	2,818	4,052

(a) Excludes mortgages held for sale for which the fair value option under applicable accounting guidance was elected.

(b) Includes investments in Federal Reserve Bank and Federal Home Loan Bank stock and tax-advantaged investments.

(c) Excludes the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

(d) Includes operating lease liabilities and liabilities related to tax-advantaged investments.

The fair value of unfunded commitments, deferred non-yield related loan fees, standby letters of credit and other guarantees is approximately equal to their carrying value. The carrying value of unfunded commitments, deferred non-yield related loan fees and standby letters of credit was $495 million and $774 million at December 31, 2021 and 2020, respectively. The carrying value of other guarantees was $245 million and $362 million at December 31, 2021 and 2020, respectively.

NOTE 23 Guarantees and Contingent Liabilities

Visa Restructuring and Card Association Litigation The Company's payment services business issues credit and debit cards and acquires credit and debit card transactions through the Visa U.S.A. Inc. card association or its affiliates (collectively "Visa"). In 2007, Visa completed a restructuring and issued shares of Visa Inc. common stock to its financial institution members in contemplation of its initial public offering ("IPO") completed in the first quarter of 2008 (the "Visa Reorganization"). As a part of the Visa Reorganization, the Company received its proportionate number of shares of Visa Inc. common stock, which were subsequently converted to Class B shares of Visa Inc. ("Class B shares").

Visa U.S.A. Inc. ("Visa U.S.A.") and MasterCard International (collectively, the "Card Brands") are defendants in antitrust lawsuits challenging the practices of the Card Brands (the "Visa Litigation"). Visa U.S.A. member banks have a contingent obligation to indemnify Visa Inc. under the Visa U.S.A. bylaws (which were modified at the time of the restructuring in October 2007) for potential losses arising from the Visa Litigation. The indemnification by the Visa U.S.A. member banks has no specific maximum amount. Using proceeds from its IPO and through reductions to the conversion ratio applicable to the Class B shares held by Visa U.S.A. member banks, Visa Inc. has funded an escrow account for the benefit of member financial institutions to fund their indemnification obligations associated with the Visa Litigation. The receivable related to the escrow account is classified in other liabilities as a direct offset to the related Visa Litigation contingent liability.

In October 2012, Visa signed a settlement agreement to resolve class action claims associated with the multidistrict interchange litigation pending in the United States District Court for the Eastern District of New York (the "Multi-District Litigation"). The U.S. Court of Appeals for the Second Circuit reversed the approval of that settlement and remanded the matter to the district court. Thereafter, the case was split into two putative class actions, one seeking damages (the "Damages Action") and a separate class action seeking injunctive relief only (the "Injunctive Action"). In September 2018, Visa signed a new settlement agreement, superseding the original settlement agreement, to resolve the Damages Action. The Damages Action settlement was approved by the United States District Court for the Eastern District of New York, but is now on appeal. The Injunctive Action, which generally seeks changes to Visa rules, is still pending.

Commitments to Extend Credit Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. The contractual amount represents the Company's exposure to credit loss, in the event of default by the borrower. The Company manages this credit risk by using the same credit policies it applies to loans. Collateral is obtained to secure commitments based on management's credit assessment of the borrower. The collateral may include marketable securities, receivables, inventory, equipment and real estate. Since the Company expects many of the commitments to expire without being drawn, total commitment amounts do not necessarily represent the Company's future liquidity requirements. In addition, the commitments include consumer credit lines that are cancelable upon notification to the consumer.

The contract or notional amounts of unfunded commitments to extend credit at December 31, 2021, excluding those commitments considered derivatives, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Commercial and commercial real estate loans	$ 40,385	$118,879	$159,264
Corporate and purchasing card loans[a]	30,263	–	30,263
Residential mortgages	613	1	614
Retail credit card loans[a]	120,905	–	120,905
Other retail loans	14,924	22,905	37,829
Other	6,268	–	6,268

(a) Primarily cancelable at the Company's discretion.

Other Guarantees and Contingent Liabilities

The following table is a summary of other guarantees and contingent liabilities of the Company at December 31, 2021:

(Dollars in Millions)	Collateral Held	Carrying Amount	Maximum Potential Future Payments
Standby letters of credit	$ –	$ 57	$ 9,605
Third party borrowing arrangements	–	–	3
Securities lending indemnifications	9,074	–	8,807
Asset sales	–	84	7,229
Merchant processing	777	140	120,417
Tender option bond program guarantee	1,725	–	1,488
Other	–	21	1,398

Letters of Credit Standby letters of credit are commitments the Company issues to guarantee the performance of a customer to a third party. The guarantees frequently support public and private borrowing arrangements, including commercial paper issuances, bond financings and other similar transactions. The Company also issues and confirms commercial letters of credit on behalf of customers to ensure payment or collection in connection with trade transactions. In the event of a customer's or counterparty's nonperformance, the Company's credit loss exposure is similar to that in any extension of credit, up to the letter's contractual amount. Management assesses the borrower's credit to determine the necessary collateral, which may include marketable securities, receivables, inventory, equipment and real estate. Since the conditions requiring the Company to fund letters of credit may not occur, the Company expects its liquidity requirements to be less than the total outstanding commitments. The maximum potential future payments guaranteed by the Company under standby letter of credit arrangements at December 31, 2021, were approximately $9.6 billion with a weighted-average term of approximately 19 months. The estimated fair value of standby letters of credit was approximately $57 million at December 31, 2021.

The contract or notional amount of letters of credit at December 31, 2021, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Standby	$4,760	$4,845	$9,605
Commercial	889	22	911

Guarantees Guarantees are contingent commitments issued by the Company to customers or other third parties. The Company's guarantees primarily include parent guarantees related to subsidiaries' third party borrowing arrangements; third party performance guarantees inherent in the Company's business operations, such as indemnified securities lending programs and merchant charge-back guarantees; and indemnification or buy-back provisions related to certain asset sales. For certain guarantees, the Company has recorded a liability related to the potential obligation, or has access to collateral to support the guarantee or through the exercise of other recourse provisions can offset some or all of the maximum potential future payments made under these guarantees.

Third Party Borrowing Arrangements The Company provides guarantees to third parties as a part of certain subsidiaries' borrowing arrangements. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $3 million at December 31, 2021.

Commitments from Securities Lending The Company participates in securities lending activities by acting as the customer's agent involving the loan of securities. The Company indemnifies customers for the difference between the fair value of the securities lent and the fair value of the collateral received. Cash collateralizes these transactions. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $8.8 billion at December 31, 2021, and represent the fair value of the securities lent to third parties. At December 31, 2021, the Company held $9.1 billion of cash as collateral for these arrangements.

Asset Sales The Company has provided guarantees to certain third parties in connection with the sale or syndication of certain assets, primarily loan portfolios and tax-advantaged investments. These guarantees are generally in the form of asset buy-back or make-whole provisions that are triggered upon a credit event or a change in the tax-qualifying status of the related projects, as applicable, and remain in effect until the loans are collected or final tax credits are realized, respectively. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $7.2 billion at December 31, 2021, and represented the proceeds received from the buyer or the guaranteed portion in these transactions where the buy-back or make-whole provisions have not yet expired. At December 31, 2021, the Company had reserved $84 million for potential losses related to the sale or syndication of tax-advantaged investments.

The maximum potential future payments do not include loan sales where the Company provides standard representation and warranties to the buyer against losses related to loan underwriting documentation defects that may have existed at the time of sale that generally are identified after the occurrence of a triggering event such as delinquency. For these types of loan sales, the maximum potential future payments is generally the unpaid principal balance of loans sold measured at the end of the current reporting period. Actual losses will be significantly less than the maximum exposure, as only a fraction of loans sold will have a representation and warranty breach, and any losses on repurchase would generally be mitigated by any collateral held against the loans.

The Company regularly sells loans to GSEs as part of its mortgage banking activities. The Company provides customary representations and warranties to GSEs in conjunction with these sales. These representations and warranties generally require the Company to repurchase assets if it is subsequently determined that a loan did not meet specified criteria, such as a documentation deficiency or rescission of mortgage insurance. If the Company is unable to cure or refute a repurchase request, the Company is generally obligated to repurchase the loan or otherwise reimburse the GSE for losses. At December 31, 2021, the Company had reserved $18 million for potential losses from representation and warranty obligations, compared with $19 million at December 31, 2020. The Company's reserve reflects management's best estimate of losses for representation and warranty obligations. The Company's repurchase reserve is modeled at the loan level, taking into consideration the individual credit quality and borrower activity that has transpired since origination. The model applies credit quality and economic risk factors to derive a probability of default and potential repurchase that are based on the Company's historical loss experience, and

estimates loss severity based on expected collateral value. The Company also considers qualitative factors that may result in anticipated losses differing from historical loss trends.

As of December 31, 2021 and 2020, the Company had $19 million and $13 million, respectively, of unresolved representation and warranty claims from GSEs. The Company does not have a significant amount of unresolved claims from investors other than GSEs.

Merchant Processing The Company, through its subsidiaries, provides merchant processing services. Under the rules of credit card associations, a merchant processor retains a contingent liability for credit card transactions processed. This contingent liability arises in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. In this situation, the transaction is "charged-back" to the merchant and the disputed amount is credited or otherwise refunded to the cardholder. If the Company is unable to collect this amount from the merchant, it bears the loss for the amount of the refund paid to the cardholder.

A cardholder, through its issuing bank, generally has until the later of up to four months after the date the transaction is processed or the receipt of the product or service to present a charge-back to the Company as the merchant processor. The absolute maximum potential liability is estimated to be the total volume of credit card transactions that meet the associations' requirements to be valid charge-back transactions at any given time. Management estimates that the maximum potential exposure for charge-backs would approximate the total amount of merchant transactions processed through the credit card associations for the last four months. For the last four months of 2021 this amount totaled approximately $120.4 billion. In most cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. However, where the product or service has been purchased but is not provided until a future date ("future delivery"), the potential for this contingent liability increases. To mitigate this risk, the Company may require the merchant to make an escrow deposit, place maximum volume limitations on future delivery transactions processed by the merchant at any point in time, or require various credit enhancements (including letters of credit and bank guarantees). Also, merchant processing contracts may include event triggers to provide the Company more financial and operational control in the event of financial deterioration of the merchant.

The Company currently processes card transactions in the United States, Canada and Europe through wholly-owned subsidiaries. In the event a merchant was unable to fulfill product or services subject to future delivery, such as airline tickets, the Company could become financially liable for refunding the purchase price of such products or services purchased through the credit card associations under the charge-back provisions. Charge-back risk related to these merchants is evaluated in a manner similar to credit risk assessments and, as such, merchant processing contracts contain various provisions to protect the Company in the event of default. At December 31, 2021, the value of airline tickets purchased to be delivered at a future date through card transactions processed by the Company was $7.6 billion. The Company held collateral of $598 million in escrow deposits, letters of credit and indemnities from financial institutions, and liens on various assets. In addition to specific collateral or other credit enhancements, the Company maintains a liability for its implied guarantees associated with future delivery. At December 31, 2021, the liability was $125 million primarily related to these airline processing arrangements.

In the normal course of business, the Company has unresolved charge-backs. The Company assesses the likelihood of its potential liability based on the extent and nature of unresolved charge-backs and its historical loss experience. At December 31, 2021, the Company held $177 million of merchant escrow deposits as collateral and had a recorded liability for potential losses of $15 million.

Tender Option Bond Program Guarantee As discussed in Note 8, the Company sponsors a municipal bond securities tender option bond program and consolidates the program's entities on its Consolidated Balance Sheet. The Company provides financial performance guarantees related to the program's entities. At December 31, 2021, the Company guaranteed $1.5 billion of borrowings of the program's entities, included on the Consolidated Balance Sheet in short-term borrowings. The Company also included on its Consolidated Balance Sheet the related $1.7 billion of available-for-sale investment securities serving as collateral for this arrangement.

Other Guarantees and Commitments As of December 31, 2021, the Company sponsored, and owned 100 percent of the common equity of, USB Capital IX, a wholly-owned unconsolidated trust, formed for the purpose of issuing redeemable Income Trust Securities ("ITS") to third-party investors, originally investing the proceeds in junior subordinated debt securities ("Debentures") issued by the Company and entering into stock purchase contracts to purchase the Company's preferred stock in the future. As of December 31, 2021, all of the Debentures issued by the Company have either matured or been retired. Total assets of USB Capital IX were $682 million at December 31, 2021, consisting primarily of the Company's Series A Preferred Stock. The Company's obligations under the transaction documents, taken together, have the effect of providing a full and unconditional guarantee by the Company, on a junior subordinated basis, of the payment obligations of the trust to third-party investors totaling $681 million at December 31, 2021.

The Company has also made other financial performance guarantees and commitments primarily related to the operations of its subsidiaries. At December 31, 2021, the maximum potential future payments guaranteed or committed by the Company under these arrangements were approximately $717 million.

Litigation and Regulatory Matters

The Company is subject to various litigation and regulatory matters that arise in the ordinary course of its business. The Company establishes reserves for such matters when potential losses become probable and can be reasonably estimated. The Company believes the ultimate resolution of existing legal and regulatory matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution of one or more of these matters may have a material adverse effect on the Company's results from operations for a particular period, and future changes in circumstances or additional information could result in additional accruals or resolution in excess of established accruals, which could adversely affect the Company's results from operations, potentially materially.

Residential Mortgage-Backed Securities Litigation Starting in 2011, the Company and other large financial institutions have been sued in their capacity as trustee for residential mortgage–backed securities trusts. In the lawsuits brought against the Company, the investors allege that the Company's banking subsidiary, U.S. Bank National Association ("U.S. Bank"), as trustee caused them to incur substantial losses by failing to enforce loan repurchase obligations and failing to abide by appropriate standards of care after events of default allegedly occurred. The plaintiffs in these matters seek monetary damages in unspecified amounts and most also seek equitable relief.

Regulatory Matters The Company is continually subject to examinations, inquiries and investigations in areas of heightened regulatory scrutiny, such as compliance, risk management, third-party risk management and consumer protection. For example, the Consumer Financial Protection Bureau ("CFPB") is investigating certain of the Company's consumer sales practices, and the Company has responded and continues to respond to the CFPB. The Company is cooperating fully with all pending examinations, inquiries and investigations, any of which could lead to administrative or legal proceedings or settlements. Remedies in these proceedings or settlements may include fines, penalties, restitution or alterations in the Company's business practices (which may increase the Company's operating expenses and decrease its revenue).

Outlook Due to their complex nature, it can be years before litigation and regulatory matters are resolved. The Company may be unable to develop an estimate or range of loss where matters are in early stages, there are significant factual or legal issues to be resolved, damages are unspecified or uncertain, or there is uncertainty as to a litigation class being certified or the outcome of pending motions, appeals or proceedings. For those litigation and regulatory matters where the Company has information to develop an estimate or range of loss, the Company believes the upper end of the range of reasonably possible losses in aggregate, in excess of any reserves established for matters where a loss is considered probable, will not be material to its financial condition, results of operations or cash flows. The Company's estimates are subject to significant judgment and uncertainties, and the matters underlying the estimates will change from time to time. Actual results may vary significantly from the current estimates.

NOTE 24 Business Segments

Within the Company, financial performance is measured by major lines of business based on the products and services provided to customers through its distribution channels. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance. The Company has five reportable operating segments:

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients.

Consumer and Business Banking Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to business segments, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis.

Basis of Presentation Business segment results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets,

deposits and other liabilities and their related income or expense. The allowance for credit losses and related provision expense are allocated to the business segments according to the volume and credit quality of the loan balances managed, but with the impact of changes in economic forecasts recorded in Treasury and Corporate Support. Goodwill and other intangible assets are assigned to the business segments based on the mix of business of an entity acquired by the Company. Within the Company, capital levels are evaluated and managed centrally; however, capital is allocated to the business segments to support evaluation of business performance. Business segments are allocated capital on a risk-adjusted basis considering economic and regulatory capital requirements. Generally, the determination of the amount of capital allocated to each business segment includes credit allocations following a Basel III regulatory framework. Interest income and expense is determined based on the assets and liabilities managed by the business segment. Because funding and asset liability management is a central function, funds transfer-pricing methodologies are utilized to allocate a cost of funds used or credit for funds provided to all business segment assets and liabilities, respectively, using a matched funding concept. Also, each business unit is allocated the taxable-equivalent benefit of tax-exempt products. The residual effect on net interest income of asset/ liability management activities is included in Treasury and Corporate Support. Noninterest income and expenses directly managed by each business segment, including fees, service charges, salaries and benefits, and other direct revenues and costs are accounted for within each segment's financial results in a manner similar to the consolidated financial statements. Occupancy costs are allocated based on utilization of facilities by the business segments. Generally, operating losses are charged to the business segment when the loss event is realized in a manner similar to a loan charge-off. Noninterest expenses incurred by centrally managed operations or business segments that directly support another business segment's operations are charged to the applicable business segment based on its utilization of those services, primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Certain activities that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance are not charged to the business segments. The income or expenses associated with these corporate activities is reported within the Treasury and Corporate Support business segment. Income taxes are assessed to each business segment at a standard tax rate with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2021, certain organization and methodology changes were made and, accordingly, 2020 results were restated and presented on a comparable basis.

Business segment results for the years ended December 31 were as follows:

(Dollars in Millions)	Corporate and Commercial Banking 2021	Corporate and Commercial Banking 2020	Consumer and Business Banking 2021	Consumer and Business Banking 2020	Wealth Management and Investment Services 2021	Wealth Management and Investment Services 2020
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,900	$ 3,411	$ 6,077	$ 5,759	$ 1,002	$ 1,246
Noninterest income	1,035	1,117	2,501	3,177	2,221	2,022
Total net revenue	3,935	4,528	8,578	8,936	3,223	3,268
Noninterest expense	1,678	1,711	5,690	5,470	2,045	1,961
Other intangibles	–	–	12	16	14	12
Total noninterest expense	1,678	1,711	5,702	5,486	2,059	1,973
Income (loss) before provision and income taxes	2,257	2,817	2,876	3,450	1,164	1,295
Provision for credit losses	89	604	(144)	291	47	40
Income (loss) before income taxes	2,168	2,213	3,020	3,159	1,117	1,255
Income taxes and taxable-equivalent adjustment	542	554	755	791	280	314
Net income (loss)	1,626	1,659	2,265	2,368	837	941
Net (income) loss attributable to noncontrolling interests	–	–	–	–	–	–
Net income (loss) attributable to U.S. Bancorp	$ 1,626	$ 1,659	$ 2,265	$ 2,368	$ 837	$ 941
Average Balance Sheet						
Loans	$103,208	$115,563	$141,082	$141,259	$ 18,097	$ 15,456
Other earning assets	4,537	4,163	8,093	7,175	242	287
Goodwill	1,715	1,647	3,428	3,500	1,628	1,617
Other intangible assets	5	6	2,760	2,105	84	39
Assets	115,194	128,038	161,571	159,191	21,236	18,564
Noninterest-bearing deposits	61,272	44,309	33,855	30,467	24,587	17,149
Interest-bearing deposits	71,246	88,138	158,434	131,536	75,618	77,525
Total deposits	132,518	132,447	192,289	162,003	100,205	94,674
Total U.S. Bancorp shareholders' equity	13,928	15,063	12,337	12,739	3,154	2,936

(Dollars in Millions)	Payment Services 2021	Payment Services 2020	Treasury and Corporate Support 2021	Treasury and Corporate Support 2020	Consolidated Company 2021	Consolidated Company 2020
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,458	$ 2,562	$ 163	$ (54)	$ 12,600	$ 12,924
Noninterest income	3,550[a]	3,124[a]	920	961	10,227[b]	10,401[b]
Total net revenue	6,008	5,686	1,083	907	22,827	23,325
Noninterest expense	3,231	3,123	925	928	13,569	13,193
Other intangibles	133	148	–	–	159	176
Total noninterest expense	3,364	3,271	925	928	13,728	13,369
Income (loss) before provision and income taxes	2,644	2,415	158	(21)	9,099	9,956
Provision for credit losses	349	681	(1,514)	2,190	(1,173)	3,806
Income (loss) before income taxes	2,295	1,734	1,672	(2,211)	10,272	6,150
Income taxes and taxable-equivalent adjustment	575	434	135	(928)	2,287	1,165
Net income (loss)	1,720	1,300	1,537	(1,283)	7,985	4,985
Net (income) loss attributable to noncontrolling interests	–	–	(22)	(26)	(22)	(26)
Net income (loss) attributable to U.S. Bancorp	$ 1,720	$ 1,300	$ 1,515	$ (1,309)	$ 7,963	$ 4,959
Average Balance Sheet						
Loans	$ 30,856	$ 31,539	$ 3,722	$ 3,452	$296,965	$307,269
Other earning assets	93	5	196,211	162,503	209,176	174,133
Goodwill	3,185	3,060	–	–	9,956	9,824
Other intangible assets	508	581	–	–	3,357	2,731
Assets	36,553	36,497	221,978	188,917	556,532	531,207
Noninterest-bearing deposits	4,861	4,351	2,629	2,263	127,204	98,539
Interest-bearing deposits	145	121	1,634	2,756	307,077	300,076
Total deposits	5,006	4,472	4,263	5,019	434,281	398,615
Total U.S. Bancorp shareholders' equity	7,643	7,462	16,748	14,046	53,810	52,246

(a) Presented net of related rewards and rebate costs and certain partner payments of $2.5 billion and $2.1 billion for 2021 and 2020, respectively.

(b) Includes revenue generated from certain contracts with customers of $7.5 billion and $6.9 billion for 2021 and 2020, respectively.

NOTE 25 U.S. Bancorp (Parent Company)

Condensed Balance Sheet

At December 31 (Dollars in Millions)	2021	2020
Assets		
Due from banks, principally interest-bearing	$ 8,369	$12,279
Available-for-sale investment securities	1,209	1,469
Investments in bank subsidiaries	51,432	52,551
Investments in nonbank subsidiaries	3,632	3,286
Advances to bank subsidiaries	9,600	3,850
Advances to nonbank subsidiaries	707	1,118
Other assets	898	869
Total assets	$75,847	$75,422
Liabilities and Shareholders' Equity		
Long-term debt	$18,902	$20,924
Other liabilities	2,027	1,403
Shareholders' equity	54,918	53,095
Total liabilities and shareholders' equity	$75,847	$75,422

Condensed Income Statement

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Income			
Dividends from bank subsidiaries	$7,000	$1,500	$7,100
Dividends from nonbank subsidiaries	2	24	6
Interest from subsidiaries	112	172	317
Other income	46	85	25
Total income	7,160	1,781	7,448
Expense			
Interest expense	348	433	551
Other expense	154	140	140
Total expense	502	573	691
Income before income taxes and equity in undistributed income of subsidiaries	6,658	1,208	6,757
Applicable income taxes	(53)	(78)	(92)
Income of parent company	6,711	1,286	6,849
Equity in undistributed income of subsidiaries	1,252	3,673	65
Net income attributable to U.S. Bancorp	$7,963	$4,959	$6,914

Condensed Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Operating Activities			
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(1,252)	(3,673)	(65)
Other, net	(85)	907	231
Net cash provided by operating activities	6,626	2,193	7,080
Investing Activities			
Proceeds from sales and maturities of investment securities	200	258	291
Purchases of investment securities	–	–	(1,013)
Net (increase) decrease in short-term advances to subsidiaries	411	347	578
Long-term advances to subsidiaries	(7,000)	–	(2,600)
Principal collected on long-term advances to subsidiaries	1,250	–	2,550
Other, net	(269)	379	(341)
Net cash provided by (used in) investing activities	(5,408)	984	(535)
Financing Activities			
Net increase (decrease) in short-term borrowings	–	(8)	8
Proceeds from issuance of long-term debt	1,300	2,750	3,743
Principal payments or redemption of long-term debt	(3,000)	(1,200)	(1,500)
Proceeds from issuance of preferred stock	2,221	486	–
Proceeds from issuance of common stock	43	15	88
Repurchase of preferred stock	(1,250)	–	–
Repurchase of common stock	(1,555)	(1,672)	(4,525)
Cash dividends paid on preferred stock	(308)	(300)	(302)
Cash dividends paid on common stock	(2,579)	(2,552)	(2,443)
Net cash used in financing activities	(5,128)	(2,481)	(4,931)
Change in cash and due from banks	(3,910)	696	1,614
Cash and due from banks at beginning of year	12,279	11,583	9,969
Cash and due from banks at end of year	$ 8,369	$12,279	$11,583

Transfer of funds (dividends, loans or advances) from bank subsidiaries to the Company is restricted. Federal law requires loans to the Company or its affiliates to be secured and generally limits loans to the Company or an individual affiliate to 10 percent of each bank's unimpaired capital and surplus. In the aggregate, loans to the Company and all affiliates cannot exceed 20 percent of each bank's unimpaired capital and surplus.

Dividend payments to the Company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends by the Company's bank subsidiary to the parent company are limited by rules which compare dividends to net income for regulatorily-defined periods. Furthermore, dividends are restricted by minimum capital constraints for all national banks.

NOTE 26 Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2021 through the date the consolidated financial statements were filed with the United States Securities and Exchange Commission. Based on this evaluation, the Company has determined none of these events were required to be recognized or disclosed in the consolidated financial statements and related notes.

U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a) (Unaudited)

Year Ended December 31 (Dollars in Millions)	2021 Average Balances	2021 Interest	2021 Yields and Rates
Assets			
Investment securities	$154,702	$ 2,434	1.57%
Loans held for sale	8,024	232	2.89
Loans[b]			
Commercial	102,855	2,684	2.61
Commercial real estate	38,781	1,219	3.14
Residential mortgages	74,629	2,477	3.32
Credit card	21,645	2,278	10.52
Other retail	59,055	2,126	3.60
Total loans	296,965	10,784	3.63
Other earning assets	46,450	143	.31
Total earning assets	506,141	13,593	2.69
Allowance for loan losses	(6,326)		
Unrealized gain (loss) on investment securities	1,174		
Other assets	55,543		
Total assets	$556,532		
Liabilities and Shareholders' Equity			
Noninterest-bearing deposits	$127,204		
Interest-bearing deposits			
Interest checking	103,198	24	.02
Money market savings	117,093	199	.17
Savings accounts	62,294	7	.01
Time deposits	24,492	90	.37
Total interest-bearing deposits	307,077	320	.10
Short-term borrowings			
Federal funds purchased	1,507	2	.10
Securities sold under agreements to repurchase	1,790	2	.13
Commercial paper	7,228	1	.01
Other short-term borrowings	4,249	65	1.54
Total short-term borrowings	14,774	70	.47
Long-term debt	36,682	603	1.64
Total interest-bearing liabilities	358,533	993	.28
Other liabilities	16,353		
Shareholders' equity			
Preferred equity	6,255		
Common equity	47,555		
Total U.S. Bancorp shareholders' equity	53,810		
Noncontrolling interests	632		
Total equity	54,442		
Total liabilities and equity	$556,532		
Net interest income		$12,600	
Gross interest margin			2.41%
Gross interest margin without taxable-equivalent increments			2.39%
Percent of Earning Assets			
Interest income			2.69%
Interest expense			.20
Net interest margin			2.49%
Net interest margin without taxable-equivalent increments			2.47%

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent .

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

2020			2019			2021 v 2020
Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
$125,954	$ 2,488	1.98%	$117,150	$ 2,950	2.52%	22.8%
6,985	216	3.10	3,769	162	4.30	14.9
113,967	3,192	2.80	103,198	4,229	4.10	(9.8)
40,548	1,457	3.59	39,386	1,919	4.87	(4.4)
73,667	2,666	3.62	67,747	2,644	3.90	1.3
22,332	2,392	10.71	23,309	2,680	11.50	(3.1)
56,755	2,352	4.14	57,046	2,682	4.70	4.1
307,269	12,059	3.92	290,686	14,154	4.87	(3.4)
41,194	179	.43	18,932	341	1.80	12.8
481,402	14,942	3.10	430,537	17,607	4.09	5.1
(6,858)			(4,007)			7.8
2,901			(117)			(59.5)
53,762			49,240			3.3
$531,207			$475,653			4.8
$ 98,539			$ 73,863			29.1%
84,276	65	.08	72,553	227	.31	22.5
125,786	528	.42	109,849	1,637	1.49	(6.9)
52,142	46	.09	46,130	111	.24	19.5
37,872	311	.82	44,417	880	1.98	(35.3)
300,076	950	.32	272,949	2,855	1.05	2.3
1,660	6	.35	1,457	28	1.94	(9.2)
1,686	8	.50	1,770	36	2.00	6.2
8,141	21	.26	8,186	119	1.45	(11.2)
7,695	109	1.41	6,724	187	2.78	(44.8)
19,182	144	.75	18,137	370	2.04	(23.0)
44,040	924	2.10	41,572	1,227	2.95	(16.7)
363,298	2,018	.56	332,658	4,452	1.34	(1.3)
16,494			15,880			(.9)
6,042			5,984			3.5
46,204			46,639			2.9
52,246			52,623			3.0
630			629			.3
52,876			53,252			3.0
$531,207			$475,653			4.8
	$12,924			$13,155		
		2.54%			2.75%	
		2.52%			2.73%	
		3.10%			4.09%	
		.42			1.03	
		2.68%			3.06%	
		2.66%			3.04%	

U.S. Bancorp
Supplemental Financial Data (Unaudited)

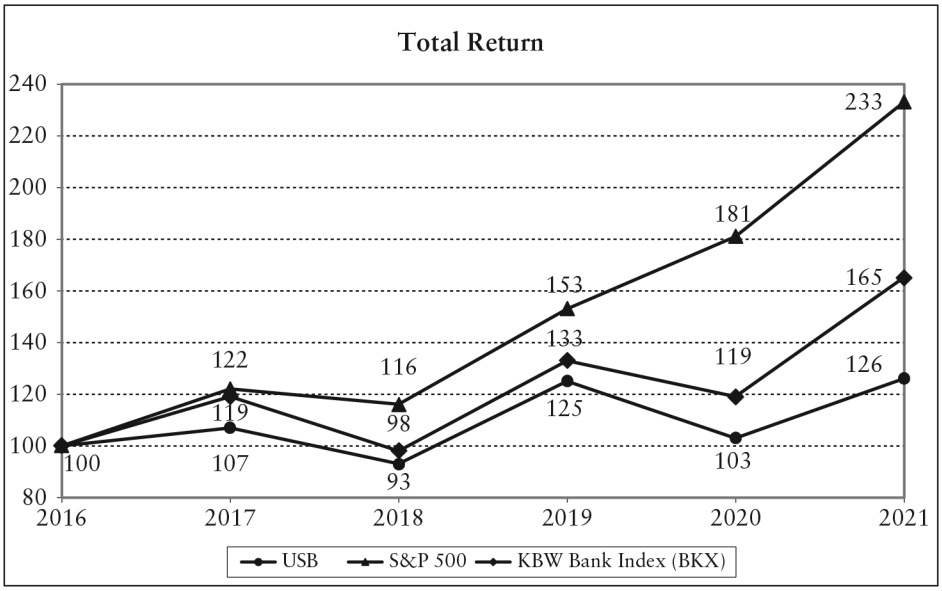
Earnings Per Common Share Summary	2021	2020	2019
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	5.10	3.06	4.16
Dividends declared per common share	1.76	1.68	1.58
Other Statistics (Dollars and Shares in Millions)			
Common shares outstanding[a]	1,484	1,507	1,534
Average common shares outstanding and common stock equivalents			
Earnings per common share	1,489	1,509	1,581
Diluted earnings per common share	1,490	1,510	1,583
Number of shareholders[b]	31,111	32,520	33,515
Common dividends declared	$ 2,630	$ 2,541	$ 2,493

(a) Defined as total common shares less common stock held in treasury at December 31.
(b) Based on number of common stock shareholders of record at December 31.

The common stock of U.S. Bancorp is traded on the New York Stock Exchange, under the ticker symbol "USB." At January 31, 2022, there were 31,055 holders of record of the Company's common stock.

Stock Performance Chart

The following chart compares the cumulative total shareholder return on the Company's common stock during the five years ended December 31, 2021, with the cumulative total return on the Standard & Poor's 500 Index and the KBW Bank Index. The comparison assumes $100 was invested on December 31, 2016, in the Company's common stock and in each of the foregoing indices and assumes the reinvestment of all dividends. The comparisons in the graph are based upon historical data and are not indicative of, nor intended to forecast, future performance of the Company's common stock.



Company Information

General Business Description U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp is registered as a bank holding company under the Bank Holding Company Act of 1956 (the "BHC Act"), and has elected to be treated as a financial holding company under the BHC Act. The Company provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp's banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with $465 billion in deposits at December 31, 2021, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company, such as healthcare, utilities, oil and gas, and state and municipal government. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate and governmental entity customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 2,230 banking offices as of December 31, 2021, principally operating in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company operates a network of 4,059 ATMs as of December 31, 2021, and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company's domestic markets. Lending products may be originated through banking offices, indirect correspondents, brokers or other lending sources. The Company is also one of the largest providers of corporate and purchasing card services and corporate trust services in the United States. The Company's wholly-owned subsidiary, Elavon, Inc. ("Elavon"), provides domestic merchant processing services directly to merchants. Wholly-owned subsidiaries of Elavon provide similar merchant services in Canada and segments of Europe. The Company also provides corporate trust and fund administration services in Europe. These foreign operations are not significant to the Company.

The COVID-19 pandemic has created economic and operational disruptions that have affected the Company's business. Customer behavior has evolved greatly as more customers have migrated to on-line and digital-based products and services more quickly than originally anticipated. To meet these evolving customer preferences, the Company has continued and accelerated the development of digital-based products and services, as well as reduced the number of higher-cost physical branches.

On a full-time equivalent basis, as of December 31, 2021, U.S. Bancorp employed 68,796 people.

Risk Factors An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. Below are risk factors that are material to, and could adversely affect, the Company's financial results and condition and the value of, and return on, an investment in the Company.

Economic and Market Conditions Risk

The COVID-19 pandemic has caused and may continue to cause significant harm to the global economy and the Company's businesses The COVID-19 pandemic has had, and is expected to continue to have, negative effects on global economic conditions, including disruption and volatility of financial markets, supply chain disruptions, fluctuations in unemployment and other negative outcomes, including inflation. It is expected that these negative effects will be episodic for the duration of the pandemic, and, if new COVID variants or other diseases emerge, these negative effects on the global economy could worsen.

The continuation or worsening of the economic conditions caused by COVID-19 may continue to have a material adverse effect on the Company and its business, including: (i) additional changes in demand for the Company's products and services; (ii) possible increased recognition of credit losses and increases in the allowance for credit losses (particularly if unemployment rises and customers draw on their lines of credit); (iii) possible downgrades to the Company's credit ratings; (iv) increased constraints on liquidity and capital; (v) the possibility of further reduced revenues from the Company's credit and debit card, corporate payments products and merchant processing services product offerings, including because of business closures, unemployment or requirements for consumers to stay at home; (vi) negative impacts on the ability of the Company's employees to work effectively, including because of illness, quarantines, work-from-home arrangements or other restrictions relating to the pandemic, and (vii) negative impacts on the ability of the Company's third-party service providers to provide their services to the Company.

Continuing negative effects of COVID-19 and the resulting economic and market disruptions will depend on developments that are highly uncertain and cannot be predicted at this time. However, it is likely that the Company's business, financial condition, liquidity, capital and results of operations will continue to be adversely affected until the pandemic subsides and the domestic economy fully recovers. Further, the COVID-19 pandemic may also have the effect of heightening many of the other risks described in this section.

Deterioration in business and economic conditions could adversely affect the Company's lending business and the value of loans and debt securities it holds The Company's business activities and earnings are affected by general business conditions in the United States and abroad, including factors such as the level and volatility of short-term and long-term interest rates, inflation, home prices, unemployment and under-employment levels, bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of capital and credit, investor sentiment and confidence in the financial markets, and the strength of the domestic and global economies in which the Company operates. Changes in these conditions caused by the COVID-19 pandemic adversely affected the Company's consumer and commercial businesses and securities portfolios, its level of charge-offs and provision for credit losses, and its results of operations during 2020 and 2021, and other future changes in these conditions, whether related to the COVID-19 pandemic or otherwise, could have additional adverse effects on the Company and its businesses.

Given the high percentage of the Company's assets represented directly or indirectly by loans, and the importance of lending to its overall business, weak economic conditions caused by COVID-19 negatively affected the Company's business and results of operations, including new loan origination activity, existing loan utilization rates and delinquencies, defaults and the ability of customers to meet obligations under the loans. Although the effects of COVID-19 were mitigated in part by governmental programs, availability of vaccines and the Company's measures to assist its borrowers, there can be no assurances that such measures will continue to be effective or that there will be future governmental programs. In addition, future deterioration in economic conditions, whether caused by COVID-19 or other events, could have adverse effects on loan origination activity, loan utilization rates and delinquencies, defaults and the ability of customers to meet loan obligations. The value to the Company of other assets such as investment securities, most of which are debt securities or other financial instruments supported by loans, similarly have been, and would be, negatively impacted by widespread decreases in credit quality resulting from a weakening of the economy.

In addition, volatility and uncertainty related to inflation and its effects, which could potentially contribute to poor economic conditions, may contribute to or enhance some of the risks described herein. For example, higher inflation could reduce demand for the Company's products, adversely affect the creditworthiness of its borrowers or result in lower values for its interest-earning assets and investment securities. Any of these effects, or others that the Company is not able to predict, could adversely affect its financial condition or results of operations.

Any deterioration in global economic conditions could damage the domestic economy or negatively impact the Company's borrowers or other counterparties that have direct or indirect exposure to these regions. Such global disruptions, including disruptions in supply chains or geopolitical risk, can undermine investor confidence, cause a contraction of available credit, or create market volatility, any of which could have material adverse effects on the Company's businesses, results of operations, financial condition and liquidity, even if the Company's direct exposure to the affected region is limited. Global political trends toward nationalism and isolationism, could increase the probability of a deterioration in global economic conditions.

Changes in interest rates could reduce the Company's net interest income The Company's earnings are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Net interest income is significantly affected by market rates of interest, which in turn are affected by prevailing economic conditions, by the fiscal and monetary policies of the federal government and by the policies of various regulatory agencies. Volatility in interest rates can also result in the flow of funds away from financial institutions into direct investments. Direct investments, such as United States government and corporate securities and other investment vehicles (including mutual funds), generally pay higher rates of return than financial institutions, because of the absence of federal insurance premiums and reserve requirements. During the first quarter of 2020, United States interest rates fell dramatically, which adversely impacted the Company's net interest income. Interest rates remained low through 2021, which adversely affected the Company's net interest income over the same period, and a prolonged low-interest rate environment may continue to adversely impact the Company's net interest income in future periods. In addition, some foreign central banks have moved to a negative interest rate environment, which has exerted downward pressure on the profitability of banks in those regions. The Company's financial condition could be damaged if this interest rate trend extends to the United States.

Conversely, when interest rates are increasing, the Company can generally be expected to earn higher net interest income. However, higher interest rates can also lead to fewer originations of loans, less liquidity in the financial markets, and higher funding costs, each of which could adversely affect the Company's revenues and its liquidity and capital levels. Higher interest rates can also negatively affect the payment performance on loans that are linked to variable interest rates. If borrowers of variable rate loans are unable to afford higher interest payments, those borrowers may reduce or stop making payments, thereby causing the Company to incur losses and increased operational costs related to servicing a higher volume of delinquent loans.

Changes in, or the discontinuance of, the London Interbank Offered Rate ("LIBOR") as an interest rate benchmark could adversely affect the Company's business, financial condition and results of operations The administrator of LIBOR has announced that the publication of the most commonly used United States Dollar LIBOR settings will cease to be provided or cease to be representative after June 30, 2023. The publication of all other LIBOR settings ceased to be provided or ceased to representative as of December 31, 2021. The United States federal banking agencies have also issued guidance strongly encouraging banking organizations to cease using the United States Dollar LIBOR as a reference rate in "new" contracts by December 31, 2021, with limited exceptions.

The replacement of LIBOR is complex and could have a range of adverse impacts on the Company's business and results of operations. The Company has various types of transactions, including derivatives, loans, bonds, and securitized products, that reference LIBOR and other Interbank Offered Rates ("IBORs"). The replacement of LIBOR and other IBORs with alternative benchmark rates and the Company's development of products linked to alternate benchmark rates has created a number of risks for the Company, its customers, and the financial services industry more widely.

The extensive changes to documentation that govern or reference LIBOR or LIBOR-based products create a variety of execution risks for the Company. The Company may be unable to modify contracts with its counterparties to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with alternative reference rates by the dates set for cessation of LIBOR and other interest rate benchmarks.

The transition from LIBOR may also result in disputes, litigation or other actions with clients, counterparties or investors, including with respect to, among other things, (i) the interpretation and enforceability of provisions in LIBOR-based products such as fallback language or other related provisions, (ii) any economic, legal, operational or other impact from the fundamental differences between LIBOR and the various alterative reference rates, and (iii) any actions resulting from the Company's interpretation and execution of its roles and responsibilities in corporate trust transactions. The transition may also result in additional inquiries or other actions from regulators regarding the Company's preparation and readiness for the replacement of LIBOR.

The discontinuation of a LIBOR setting, changes in LIBOR or changes in market acceptance of LIBOR as a reference rate may also adversely affect the yield on loans or securities held by the Company; amounts paid on securities the Company has issued; amounts received and paid on derivative instruments it has entered into; the value of such loans, securities or derivative instruments; the trading market for securities; the terms of new loans being made using different or modified reference rates; the Company's ability to effectively use derivative instruments to manage risk; and the availability or cost of floating-rate funding and the Company's exposure to fluctuations in interest rates. Changes to benchmark indices may also adversely affect the price, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked securities, loans and derivatives that are included in the Company's financial assets and liabilities.

The Company is also subject to the risk that its customers, counterparties and third-party vendors are not operationally ready to transition away from LIBOR, and the failure of such third parties to upgrade their operations to transition away from LIBOR on a timely basis could materially disrupt the Company's operations.

Operations and Business Risk

A breach in the security of the Company's systems, or the systems of certain third parties, could disrupt the Company's businesses, result in the disclosure of confidential information, damage its reputation and create significant financial and legal exposure The Company experiences numerous attacks on its computer systems, software, networks and other technology assets daily, and the number of attacks is increasing. Although the Company devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of the Company's computer systems, software, networks and other technology assets, as well as its intellectual property, and to protect the confidentiality, integrity and availability of information belonging to the Company and its customers, the Company's security measures may not be effective. Adversaries continue to develop more sophisticated cyber attacks that could impact the Company. Many banking institutions, retailers and other companies engaged in data processing, including software and information technology service providers, have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber attacks and other means.

Attacks on financial or other institutions important to the overall functioning of the financial system could also adversely affect, directly or indirectly, aspects of the Company's businesses. The increasing consolidation, interdependence and complexity of financial entities and technology systems increases the risk of operational failure, both for the Company and on an industry-wide basis, and means that a technology failure, cyber attack, or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could materially affect counterparties or other market participants, including the Company.

Third parties that facilitate the Company's business activities, including exchanges, clearinghouses, payment and ATM networks, financial intermediaries or vendors that provide services or technology solutions for the Company's operations, could also be sources of operational and security risks to the Company, including with respect to breakdowns or failures of their systems, misconduct by their employees or cyber attacks that could affect their ability to deliver a product or service to the Company or

result in lost or compromised information of the Company or its customers. The Company's ability to implement back-up systems or other safeguards with respect to third-party systems is limited. Furthermore, an attack on or failure of a third-party system may not be revealed to the Company in a timely manner, which could compromise the Company's ability to respond effectively. Some of these third parties may engage vendors of their own, which introduces the risk that these "fourth parties" could be the source of operational and security failures. In addition, if a third party or fourth party obtains access to the customer account data on the Company's systems, and that party experiences a breach or misappropriates such data, the Company and its customers could suffer material harm, including heightened risk of fraudulent transactions, losses from fraudulent transactions, increased operational costs to remediate any security breach and reputational harm. These risks are expected to continue to increase as the Company expands its interconnectivity with its customers and other third parties.

During the past several years a number of retailers and hospitality companies have disclosed substantial cyber security breaches affecting debit and credit card accounts of their customers, some of whom were the Company's cardholders and who may experience fraud on their card accounts as a result of a breach. The Company might suffer losses associated with reimbursing its customers for such fraudulent transactions, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. These attacks involving Company cards are likely to continue and could, individually or in the aggregate, have a material adverse effect on the Company's financial condition or results of operations.

It is possible that the Company may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, because the techniques used change frequently, generally increase in sophistication, often are not recognized until launched, sometimes go undetected even when successful, and originate from a wide variety of sources, including organized crime, hackers, terrorists, activists, hostile foreign governments and other external parties. Those parties may also attempt to fraudulently induce employees, customers or other users of the Company's systems to disclose sensitive information to gain access to the Company's data or that of its customers or clients, such as through "phishing" and other "social engineering" schemes. Other types of attacks may include computer viruses, malicious or destructive code, denial-of-service attacks, ransomware or ransom demands. During the COVID-19 pandemic, the Company has experienced increased information security risks, primarily as a result of the increase in work-from-home arrangements. These risks may increase in the future as the Company continues to increase its mobile and internet-based product offerings and expands its internal usage of web-based products and applications, which is expected to remain elevated at least as long as the COVID-19 pandemic continues. In addition, the Company's customers often use their own devices, such as computers, smart phones and tablet computers, to make payments and manage their accounts, and are subject to "phishing" and other attempts from cyber criminals to compromise or deny access to their accounts. The Company has limited ability to assure the safety and security of its customers' transactions with the Company to the extent they are using their own devices, which have been, and likely will continue to be, subject to such threats.

In the event that the Company's physical or cyber security systems are penetrated or circumvented, or an authorized user intentionally or unintentionally removes, loses or destroys operations data, serious negative consequences for the Company can follow, including significant disruption of the Company's operations, misappropriation of confidential Company and/or customer information, or damage to the Company's or customers' or counterparties' computers or systems. These consequences could result in violations of applicable privacy and other laws; financial loss to the Company or to its customers; loss of confidence in the Company's security measures; customer dissatisfaction; significant litigation exposure; regulatory fines, penalties or intervention; reimbursement or other compensatory costs (including the costs of credit monitoring services); additional compliance costs; and harm to the Company's reputation, all of which could adversely affect the Company.

Because the investigation of any information security breach is inherently unpredictable and would require substantial time to complete, the Company may not be able to quickly remediate the consequences of any breach, which may increase the costs, and enhance the negative consequences associated with a breach. In addition, to the extent the Company's insurance covers aspects of any breach, such insurance may not be sufficient to cover all of the Company's losses.

The Company relies on its employees, systems and third parties to conduct its business, and certain failures by systems or misconduct by employees or third parties could adversely affect its operations The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. The Company's business, financial, accounting, data processing, and other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are out of its control. In addition to the risks posed by information security breaches, as discussed above, such systems could be compromised because of spikes in transaction volume, electrical or telecommunications outages, degradation or loss of internet or website availability, natural disasters, political or social unrest, and terrorist acts. The Company's business operations may be adversely affected by significant disruption to the operating systems that support its businesses and customers. If backup systems are used during outages, they might not process data as quickly as do the primary systems, resulting in the potential of some data not being backed up.

The Company could also incur losses resulting from the risk of fraud by employees or persons outside the Company, unauthorized access to its computer systems, the execution of

unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. This risk of loss also includes the potential legal actions, fines or civil money penalties that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity.

Third parties provide key components of the Company's business infrastructure, such as internet connections, network access and mutual fund distribution. While the Company has selected these third parties carefully, it does not control their actions. Any problems caused by third-party service providers, including as a result of not providing the Company their services for any reason or performing their services poorly, could adversely affect the Company's ability to deliver products and services to the Company's customers and otherwise to conduct its business. Replacing third-party service providers could also entail significant delay and expense. In addition, failure of third-party service providers to handle current or higher volumes of use could adversely affect the Company's ability to deliver products and services to clients and otherwise to conduct business. Technological or financial difficulties of a third-party service provider could adversely affect the Company's businesses to the extent those difficulties result in the interruption or discontinuation of services provided by that party.

Operational risks for large financial institutions such as the Company have generally increased in recent years, in part because of the proliferation of new technologies, implementation of work-from-home arrangements such as during the COVID-19 pandemic, the use of internet services and telecommunications technologies to conduct financial transactions, the increased number and complexity of transactions being processed, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. In the event of a breakdown in the internal control system, improper operation of systems or improper employee or third-party actions, the Company could suffer financial loss, face legal or regulatory action and suffer damage to its reputation.

The Company could face material legal and reputational harm if it fails to safeguard personal information The Company is subject to complex and evolving laws and regulations, both inside and outside the United States, governing the privacy and protection of personal information. Individuals whose personal information may be protected by law can include the Company's customers (and in some cases its customers' customers), prospective customers, job applicants, employees, and the employees of the Company's suppliers, and third parties. Complying with laws and regulations applicable to the Company's collection, use, transfer and storage of personal information can increase operating costs, impact the development and marketing of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by the Company or a third party affiliated with the Company could expose the Company to litigation or regulatory fines, penalties or other sanctions.

In the United States, several states have recently enacted consumer privacy laws that impose compliance obligations with respect to personal information. In particular, the California Consumer Privacy Act (the "CCPA") and its implementing regulations impose significant requirements on covered companies with respect to consumer data privacy rights. In November 2020, voters in the State of California approved the California Privacy Rights Act ("CPRA"), a ballot measure that amends and supplements the CCPA by, among other things, expanding certain rights relating to personal information and its use, collection, deletion, and disclosure by covered businesses. Compliance with the CCPA, the CPRA after it becomes effective, and other state statutes, common law, or regulations designed to protect consumer, employee, or job applicant personal information could potentially require substantive technology infrastructure and process changes across many of the Company's businesses. Non-compliance with the CCPA, CPRA, or similar laws and regulations could lead to substantial regulatory fines and penalties, damages from private causes of action, and/or reputational harm. The Company cannot predict whether any pending or future state or federal legislation will be adopted, or the substance and impact of any legislation on the Company. Future legislation could result in substantial costs to the Company and could have an adverse effect on its business, financial condition and results of operations.

In addition, standards for personal data transfers from outside the United States are constantly changing, including the revisions made by the European Economic Area and Switzerland in 2021. Compliance with these changes and any future changes to data transfer or privacy requirements could potentially require the Company to make significant technological and operational changes, any of which could result in substantial costs to the Company, and failure to comply with applicable data protection and privacy laws could subject the Company to fines or regulatory oversight.

Additional risks could arise from the failure of the Company or third parties to provide adequate disclosure or transparency to the Company's customers about the personal information collected from them and the use of such information; to receive, document, and honor the privacy preferences expressed by the Company's customers; to protect personal information from unauthorized disclosure; or to maintain proper training on privacy practices for all employees or third parties who have access to personal information. Concerns regarding the effectiveness of the Company's measures to safeguard personal information and abide by privacy preferences, or even the perception that those measures are inadequate, could cause the Company to lose existing or potential customers and thereby reduce its revenues. In addition, any failure or perceived failure by the Company to comply with applicable privacy or data protection laws and regulations could result in requirements to modify or cease certain operations or practices, and/or in material liabilities or regulatory fines, penalties, or other sanctions. Refer to

"Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding data privacy laws and regulations. Any of these outcomes could damage the Company's reputation and otherwise adversely affect its business.

The Company could lose market share and experience increased costs if it does not effectively develop and implement new technology The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, including innovative ways that customers can make payments or manage their accounts, such as through the use of mobile payments, digital wallets or digital currencies. The growth of many of these technologies was accelerated as a result of the COVID-19 pandemic and the shift to increased digital activity. The Company's continued success depends, in part, upon its ability to address customer needs by using technology to provide products and services that customers want to adopt and create additional efficiencies in the Company's operations. When launching a new product or service or introducing a new platform for the delivery of products and services, the Company might not identify or fully appreciate new operational risks arising from those innovations or might fail to implement adequate controls to mitigate those risks. Developing and deploying new technology-driven products and services can also involve costs that the Company may not recover and divert resources away from other product development efforts. The Company may not be able to effectively develop and implement profitable new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry, including because larger competitors may have more resources to spend on developing new technologies or because non-bank competitors have a lower cost structure and more flexibility, could harm the Company's competitive position and negatively affect its revenue and profit.

Damage to the Company's reputation could adversely impact its business and financial results Reputation risk, or the risk to the Company's business, earnings and capital from negative public opinion, is inherent in the Company's business. Negative public opinion about the financial services industry generally or the Company specifically could adversely affect the Company's ability to keep and attract customers, investors, and employees and could expose the Company to litigation and regulatory action. Negative public opinion can result from the Company's actual or alleged conduct in any number of activities, including lending practices, cybersecurity breaches, failures to safeguard personal information, discriminating or harassing behavior of employees toward other employees or customers, mortgage servicing and foreclosure practices, compensation practices, sales practices, regulatory compliance, mergers and acquisitions, and actions taken by government regulators and community organizations in response to that conduct. In addition, failure to deliver against environmental, social and governance ("ESG") goals and objectives could present reputational and financial harm to the Company. Many of the Company's stakeholders, including investors, communities, customers, and employees, have increased expectations regarding how corporations are establishing and meeting ESG objectives when considering whether to conduct business with, invest in, or otherwise work with the Company. If the Company is unable to design or execute against business strategies that support ESG initiatives, reputational damage could result, leading to a loss of customers or negative investor sentiment. Although the Company takes steps to minimize reputation risk in dealing with customers and other constituencies, the Company, as a large diversified financial services company with a high industry profile, is inherently exposed to this risk.

The Company's business and financial performance could be adversely affected, directly or indirectly, by natural disasters, pandemics, terrorist activities, civil unrest or international hostilities Neither the occurrence nor the potential impact of natural disasters, pandemics, terrorist activities, civil unrest or international hostilities can be predicted. However, these occurrences could impact the Company directly (for example, by interrupting the Company's systems, which could prevent the Company from obtaining deposits, originating loans and processing and controlling its flow of business; causing significant damage to the Company's facilities; or otherwise preventing the Company from conducting business in the ordinary course), or indirectly as a result of their impact on the Company's borrowers, depositors, other customers, vendors or other counterparties (for example, by damaging properties pledged as collateral for the Company's loans or impairing the ability of certain borrowers to repay their loans). The Company could also suffer adverse consequences to the extent that natural disasters, pandemics, terrorist activities, civil unrest or international hostilities affect the financial markets or the economy in general or in any particular region.

During the COVID-19 pandemic, the Company experienced significant disruptions to its normal operations, including the temporary closing of branches and a sudden increase in the volume of work-from-home arrangements. In addition, the Company has been indirectly negatively affected by the pandemic's effects on the Company's borrowers and other customers, and by its effects on global financial markets. Many of these effects are expected to continue for the duration of the pandemic and could worsen if the pandemic continues to spread or if any vaccines are not effective over the long term (including because of lack of acceptance or because of the emergence of new COVID variants), or if governmental and other responses to the pandemic are ineffective. The COVID-19 pandemic has caused, and other future natural disasters, pandemics, terrorist activities, civil unrest or international hostilities, may cause, an increase in delinquencies, bankruptcies or defaults that could result in the Company experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses.

The United States, and in particular, the Minneapolis/St. Paul metropolitan area following the tragic events that occurred in May 2020, faced a period of significant civil unrest during 2020. Although civil unrest has not materially affected the Company's businesses to date, similar events could, directly or indirectly, have a material adverse effect on the Company's operations (for example, by causing shutdowns of branches or working locations of vendors or other counterparties or damaging property pledged as collateral for the Company's loans).

The Company's ability to mitigate the adverse consequences of these occurrences is in part dependent on the quality of the Company's resiliency planning, and the Company's ability, if any, to anticipate the nature of any such event that occurs. The adverse effects of natural disasters, pandemics, terrorist activities, civil unrest or international hostilities also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that the Company transacts with, particularly those that it depends upon, but has no control over. Additionally, both the frequency and severity of some kinds of natural disasters, including wildfires, flooding, tornadoes and hurricanes, have increased, and the Company expects will continue to increase, as a result of climate change.

The Company's business strategy, operations, financial performance and customers could be materially adversely affected by the impacts related to climate change There is an increasing concern over the risks of climate change and the impact that climate change may have on the Company and its customers and communities. The physical risks of climate change include increasing average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including wildfires, floods, tornadoes and hurricanes. Climate shifts and the increasing frequency and severity of natural disasters reduce the Company's ability to predict accurately the effects of natural disasters. Such disasters could disrupt the Company's operations or the operations of customers or third parties on which the Company relies. Such disasters could also result in market volatility, negatively impact customers' ability to pay outstanding loans, damage collateral or result in the deterioration of the value of collateral. Such disasters may also result in reduced availability of insurance, including insurance that protects property pledged as collateral for Company loans, which could negatively affect the Company's ability to predict credit losses accurately.

Additionally, climate change concerns could result in transition risk. Transition risks could include changes in consumer preferences, new technologies, and additional legislation and regulatory requirements, including those associated with the transition to a low-carbon economy. These physical risks and transition risks could increase expenses or otherwise adversely impact the Company's business strategy, operations, financial performance and customers. In particular, new regulations or guidance, or the attitudes of regulators, shareholders and employees regarding climate change, may affect the activities in which the Company engages and the products that the Company offers. In addition, an increasing perspective that financial institutions, including the Company, play an important role in managing risks related to climate change, including indirectly with respect to their customers, may result in increased pressure on the Company to take additional steps to disclose and manage its climate risks and related lending and other activities. The Company could also experience increased expenses resulting from strategic planning, litigation and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny and reduced investor and stakeholder confidence due to the Company's response to climate change and the Company's climate change strategy.

Risks associated with climate change are continuing to evolve rapidly, making it difficult to assess the effects of climate change on the Company, and the Company expects that climate change-related risks will continue to evolve and increase over time.

Regulatory and Legal Risk

The Company is subject to extensive and evolving government regulation and supervision, which can increase the cost of doing business, limit the Company's ability to make investments and generate revenue, and lead to costly enforcement actions Banking regulations are primarily intended to protect depositors' funds, the federal Deposit Insurance Fund, and the United States financial system as a whole, and not the Company's debt holders or shareholders. These regulations, and the Company's inability to act in certain instances without receiving prior regulatory approval, affect the Company's lending practices, capital structure, investment practices, dividend policy, ability to repurchase common stock, and ability to pursue strategic acquisitions, among other activities.

The Company expects that its business will remain subject to extensive regulation and supervision and that the level of scrutiny and the enforcement environment may fluctuate over time, based on numerous factors, including changes in the United States presidential administration or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry). In particular, changes in administration may result in the Company and other large financial institutions becoming subject to increased scrutiny and/or more extensive legal and regulatory requirements than under prior presidential and congressional regimes. In addition, changes in key personnel at the agencies that regulate the Company, including the federal banking regulators, may result in differing interpretations of existing rules and guidelines and potentially more stringent enforcement and more severe penalties than previously experienced. New regulations or modifications to existing regulations and supervisory expectations have increased, and may in the future increase, the Company's costs over time and necessitate changes to the Company's existing regulatory compliance and risk management infrastructure. In addition,

regulatory changes may reduce the Company's revenues, limit the types of financial services and products it may offer, alter the investments it makes, affect the manner in which it operates its businesses, increase its litigation and regulatory costs should it fail to appropriately comply with new or modified laws and regulatory requirements, and increase the ability of non-banks to offer competing financial services and products.

Changes to statutes, regulations or regulatory policies, or their interpretation or implementation, and/or regulatory practices, requirements or expectations, could affect the Company in substantial and unpredictable ways. Moreover, general regulatory practices, such as longer time frames to obtain regulatory approvals for acquisitions and other activities (and the resultant impact on businesses the Company may seek to acquire), could affect the Company's ability or willingness to make certain acquisitions or introduce new products or services.

Federal law grants substantial supervisory and enforcement powers to federal banking regulators and law enforcement agencies, including, among other things, the ability to assess significant civil or criminal monetary penalties, fines, or restitution; to issue cease and desist or removal orders; and to initiate injunctive actions against banking organizations and institution-affiliated parties. The financial services industry continues to face scrutiny from bank supervisors in the examination process and stringent enforcement of regulations on both the federal and state levels, particularly with respect to mortgage-related practices, student lending practices, sales practices and related incentive compensation programs, and other consumer compliance matters, as well as compliance with Bank Secrecy Act/anti-money laundering ("BSA/AML") requirements and sanctions compliance requirements as administered by the Office of Foreign Assets Control, and consumer protection issues more generally. This heightened regulatory scrutiny, or the results of an investigation or examination, may lead to additional regulatory investigations or enforcement actions. There is no assurance that those actions will not result in regulatory settlements or other enforcement actions against the Company, which could cause the Company material financial and reputational harm. Furthermore, a single event involving a potential violation of law or regulation may give rise to numerous and overlapping investigations and proceedings, either by multiple federal and state agencies and officials in the United States or, in some instances, regulators and other governmental officials in foreign jurisdictions. In addition, another financial institution's violation of law or regulation relating to a business activity or practice often will give rise to an investigation of the same or similar activities or practices of the Company.

In general, the amounts paid by financial institutions in settlement of proceedings or investigations and the severity of other terms of regulatory settlements are likely to remain elevated. In some cases, governmental authorities have required criminal pleas or other extraordinary terms, including admissions of wrongdoing and the imposition of monitors, as part of such settlements, which could have significant consequences for a financial institution, including loss of customers, reputational harm, increased exposure to civil litigation, restrictions on the ability to access the capital markets, and the inability to operate certain businesses or offer certain products for a period of time.

Non-compliance with sanctions laws and/or BSA/AML laws or failure to maintain an adequate BSA/AML compliance program can lead to significant monetary penalties and reputational damage. In addition, federal regulators evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank merger, acquisition, restructuring, or other expansionary activity. There have been a number of significant enforcement actions against banks, broker-dealers and non-bank financial institutions with respect to sanctions laws and BSA/AML laws, and some have resulted in substantial penalties, including against the Company and U.S. Bank National Association in 2018.

Violations of laws and regulations or deemed deficiencies in risk management practices or consumer compliance also may be incorporated into the Company's confidential supervisory ratings. A downgrade in these ratings, or these or other regulatory actions and settlements, could limit the Company's ability to conduct expansionary activities for a period of time and require new or additional regulatory approvals before engaging in certain other business activities.

Differences in regulation can affect the Company's ability to compete effectively The content and application of laws and regulations applicable to financial institutions vary according to the size of the institution, the jurisdictions in which the institution is organized and operates and other factors. Large institutions, such as the Company, often are subject to more stringent regulatory requirements and supervision than smaller institutions. In addition, financial technology companies and other non-bank competitors may not be subject to the prudential and consumer protection regulatory framework that applies to banks, or may be regulated by a national or state agency that does not have the same regulatory priorities or supervisory requirements as the Company's regulators. These differences in regulation can impair the Company's ability to compete effectively with competitors that are less regulated and that do not have similar compliance costs.

Stringent requirements related to capital and liquidity have been adopted by United States banking regulators that may limit the Company's ability to return earnings to shareholders or operate or invest in its business United States banking regulators have adopted stringent capital- and liquidity-related standards applicable to larger banking organizations, including the Company. The rules require banks to hold more and higher quality capital as well as sufficient unencumbered liquid assets to meet certain stress scenarios defined by regulation. In November 2019, the federal banking regulators adopted two final rules (the "Tailoring Rules") that revised the criteria for determining the applicability of regulatory capital and liquidity requirements for large United States banking organizations, including the Company and U.S. Bank National Association, and that tailored the application of the Federal

Reserve's enhanced prudential standards to large banking organizations. Although the Tailoring Rules and other recent changes to capital- and liquidity-related rules generally have simplified the regulatory framework applicable to the Company, future changes to the implementation of these rules including the common equity tier 1 capital conservation buffer, or additional capital- and liquidity-related rules, could require the Company to take further steps to increase its capital, increase its investment security holdings, divest assets or operations, or otherwise change aspects of its capital and/or liquidity measures, including in ways that may be dilutive to shareholders or could limit the Company's ability to pay common stock dividends, repurchase its common stock, invest in its businesses or provide loans to its customers.

The effects of the COVID-19 pandemic and actions by the Federal Reserve have in the past limited and may in the future limit capital distributions, including suspension of the Company's share repurchase program or reduction or suspension of the Company's common stock dividend.

Additional capital and liquidity requirements may be imposed in the future. In December 2017, the Basel Committee finalized a package of revisions to the Basel III framework (commonly referred to as "Basel IV"). The changes are meant to improve the calculation of risk-weighted assets and the comparability of capital ratios. Federal banking regulators are expected to undertake rule-makings in future years to implement these revisions in the United States. The ultimate impact of revisions to the Basel III–based framework in the United States on the Company's capital and liquidity will depend on the final rule-makings and the implementation process thereafter.

Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding the Company's capital and liquidity requirements.

The Company is subject to significant financial and reputation risks from potential legal liability and governmental actions The Company faces significant legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and governmental proceedings against it and other financial institutions are substantial. Customers, clients and other counterparties are making claims for substantial or indeterminate amounts of damages, while banking regulators and certain other governmental authorities have focused on enforcement. The Company is named as a defendant or is otherwise involved in many legal proceedings, including class actions and other litigation. As a participant in the financial services industry, it is likely that the Company will continue to experience a high level of litigation related to its businesses and operations in the future. Substantial legal liability or significant governmental action against the Company could materially impact the Company's financial condition and results of operations (including because such matters may be resolved for amounts that exceed established accruals for a particular period) or cause significant reputational harm to the Company.

Since 2020, many financial institutions, including the Company, have received regulatory and governmental inquiries regarding participation directly or on behalf of customers and clients in United States government programs designed to support individuals, households and businesses impacted by the economic disruptions caused by the COVID-19 pandemic. The Company's participation in these and other programs used in response to the COVID-19 pandemic may lead to additional government and regulatory inquiries and litigation in the future, any of which could negatively impact the Company's business, reputation, financial condition and results of operations.

The Company may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches in contractual representations and warranties When the Company sells mortgage loans that it has originated to various parties, including GSEs, it is required to make customary representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated. The Company may be required to repurchase mortgage loans or be subject to indemnification claims in the event of a breach of contractual representations or warranties that is not remedied within a certain period. Contracts for residential mortgage loan sales to the GSEs include various types of specific remedies and penalties that could be applied if the Company does not adequately respond to repurchase requests. If economic conditions and the housing market deteriorate or the GSEs increase their claims for breached representations and warranties, the Company could have increased repurchase obligations and increased losses on repurchases, requiring material increases to its repurchase reserve.

Credit and Mortgage Business Risk

Heightened credit risk could require the Company to increase its provision for credit losses, which could have a material adverse effect on the Company's results of operations and financial condition When the Company lends money, or commits to lend money, it incurs credit risk, or the risk of losses if its borrowers do not repay their loans. As one of the largest lenders in the United States, the credit performance of the Company's loan portfolios significantly affects its financial results and condition. If the current economic environment were to further deteriorate, the Company's customers may have more difficulty in repaying their loans or other obligations, which could result in a higher level of credit losses and higher provisions for credit losses. Unexpected stress on the United States economy or the local economies in which the Company does business, including the economic stress caused by the COVID-19 pandemic, has resulted, and in the future may result, in, among other things, unexpected deterioration in credit quality of the loan portfolio, or in the value of collateral securing those loans, which, during the COVID-19 pandemic caused, and in the future could cause, the Company to establish higher provisions for credit losses.

The Company reserves for credit losses by establishing an allowance through a charge to earnings to provide for loan defaults and nonperformance. The Company's allowance for loan losses is compliant with the CECL methodology, which is based on the portfolio's historical loss experience, an evaluation of the risks associated with its loan portfolio, including the size and composition of the loan portfolio, current and foreseeable economic conditions and borrower and collateral quality. These conditions inform the Company's expected lifetime loss estimates of the portfolio, which is the foundation for the allowance for credit losses. These forecasts and estimates require difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of the Company's borrowers to repay their loans. The Company may not be able to accurately predict these economic conditions and/or some or all of their effects, which may, in turn, negatively impact the reliability of the process. The Company also makes loans to borrowers where it does not have or service the loan with the first lien on the property securing its loan. For loans in a junior lien position, the Company may not have access to information on the position or performance of the first lien when it is held and serviced by a third party, which may adversely affect the accuracy of the loss estimates for loans of these types. Increases in the Company's allowance for loan losses may not be adequate to cover actual loan losses, and future provisions for loan losses could materially and adversely affect its financial results. In addition, the Company's ability to assess the creditworthiness of its customers may be impaired if the models and approaches it uses to select, manage, and underwrite its customers become less predictive of future behaviors.

A concentration of credit and market risk in the Company's loan portfolio could increase the potential for significant losses The Company may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the Company's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by economic or market conditions, or by regulation, such as regulation related to climate change. Deterioration in economic conditions or real estate values in states or regions where the Company has relatively larger concentrations of residential or commercial real estate could result in higher credit costs. For example, once the Company's expected acquisition of MUFG Union Bank closes, deterioration in real estate values and underlying economic conditions in California could result in significantly higher credit losses to the Company.

Changes in interest rates can impact the value of the Company's mortgage servicing rights and mortgages held for sale, and can make its mortgage banking revenue volatile from quarter to quarter, which can reduce its earnings The Company has a portfolio of MSRs, which is the right to service a mortgage loan—collect principal, interest and escrow amounts—for a fee, with a fair value of $3.0 billion as of December 31, 2021. The Company initially carries its MSRs using a fair value measurement of the present value of the estimated future net servicing income, which includes assumptions about the likelihood of prepayment by borrowers. Changes in interest rates can affect prepayment assumptions and thus fair value. When interest rates fall, prepayments tend to increase as borrowers refinance, and the fair value of MSRs can decrease, which in turn reduces the Company's earnings. Further, it is possible that, because of economic conditions and/or a weak or deteriorating housing market, even when interest rates fall or remain low, mortgage originations may fall or any increase in mortgage originations may not be enough to offset the decrease in the MSRs' value caused by the lower rates.

A decline in the soundness of other financial institutions could adversely affect the Company's results of operations The Company's ability to engage in routine funding or settlement transactions could be adversely affected by the actions and commercial soundness of other domestic or foreign financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Company has exposure to many different counterparties, and the Company routinely executes and settles transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, the soundness of one or more financial services institutions, or the financial services industry generally, could lead to losses or defaults by the Company or by other institutions and impact the Company's predominately United States–based businesses or the less significant merchant processing, corporate trust and fund administration services businesses it operates in foreign countries. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's credit risk may be further increased when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due the Company. There is no assurance that any such losses would not adversely affect the Company's results of operations.

Change in residual value of leased assets may have an adverse impact on the Company's financial results The Company engages in leasing activities and is subject to the risk that the residual value of the property under lease will be less than the Company's recorded asset value. Adverse changes in the residual value of leased assets can have a negative impact on the Company's financial results. The risk of changes in the realized value of the leased assets compared to recorded residual values depends on many factors outside of the Company's control, including supply and demand for the assets, condition of the assets at the end of the lease term, and other economic factors.

Liquidity Risk

If the Company does not effectively manage its liquidity, its business could suffer The Company's liquidity is essential for the operation of its business. Market conditions, unforeseen outflows of funds or other events could negatively affect the Company's level or cost of funding, affecting its ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, and fund asset growth and new business transactions at a reasonable cost and in a timely manner. If the Company's access to stable and low-cost sources of funding, such as customer deposits, is reduced, the Company might need to use alternative funding, which could be more expensive or of limited availability. Any substantial, unexpected or prolonged changes in the level or cost of liquidity could adversely affect the Company's business.

Loss of customer deposits could increase the Company's funding costs The Company relies on bank deposits to be a low-cost and stable source of funding. The Company competes with banks and other financial services companies for deposits, including those that offer on-line channels. If the Company's competitors raise the interest rates they pay on deposits, the Company's funding costs may increase, either because the Company raises the interest rates it pays on deposits to avoid losing deposits to competitors or because the Company loses deposits to competitors and must rely on more expensive sources of funding. Higher funding costs reduce the Company's net interest margin and net interest income. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. When customers move money out of bank deposits and into other investments, the Company may lose a relatively low-cost source of funds, increasing the Company's funding costs and reducing the Company's net interest income.

The Company relies on dividends from its subsidiaries for its liquidity needs, and the payment of those dividends is limited by laws and regulations The Company is a separate and distinct legal entity from U.S. Bank National Association and its non-bank subsidiaries. The Company receives a significant portion of its cash from dividends paid by its subsidiaries. These dividends are the principal source of funds to pay dividends on the Company's stock and interest and principal on its debt. Various federal and state laws and regulations limit the amount of dividends that U.S. Bank National Association and certain of its non-bank subsidiaries may pay to the Company without regulatory approval. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to prior claims of the subsidiary's creditors, except to the extent that any of the Company's claims as a creditor of that subsidiary may be recognized. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding limitations on the amount of dividends U.S. Bank National Association may pay.

Competitive and Strategic Risk

The financial services industry is highly competitive, and competitive pressures could intensify and adversely affect the Company's financial results The Company operates in a highly competitive industry that could become even more competitive as a result of legislative, regulatory and technological changes, as well as continued industry consolidation, which may increase in connection with current economic and market conditions. This consolidation may produce larger, better-capitalized and more geographically diverse companies that are capable of offering a wider array of financial products and services at more competitive prices. The Company competes with other commercial banks, savings and loan associations, mutual savings banks, finance companies, mortgage banking companies, credit unions, investment companies, credit card companies, and a variety of other financial services and advisory companies. Legislative or regulatory changes also could lead to increased competition in the financial services sector. For example, the Economic Growth Act and the Tailoring Rules have reduced the regulatory burden of large bank holding companies, including the Company and some of its competitors, and raised the asset thresholds at which more onerous requirements apply, which could cause certain large bank holding companies with less than $250 billion in total consolidated assets, which were previously subject to more stringent enhanced prudential standards, to become more competitive or to pursue expansion more aggressively.

The adoption and rapid growth of new technologies, including cryptocurrencies and blockchain and other distributed ledger technologies, have required the Company to invest resources to adapt its systems, products and services, and it expects to continue to make similar investments. In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services, such as loans and payment services, that traditionally were banking products, and made it possible for technology companies to compete with financial institutions in providing electronic, internet-based, and mobile phone–based financial solutions. Competition with non-banks, including technology companies, to provide financial products and services is intensifying. In particular, the activity of financial technology companies ("fintechs") has grown significantly over recent years and is expected to continue to grow. Fintechs have and may continue to offer bank or bank-like products. For example, a number of fintechs have applied for bank or industrial loan charters, which, in some cases, have been granted. In addition, other fintechs have partnered with existing banks to allow them to offer deposit products or payment services to their customers. Many of these companies, including the Company's competitors, have fewer regulatory constraints, and some have lower cost structures, in part due to lack of physical structures. Also, the potential need to adapt to industry changes in information technology systems, on which the Company and financial services industry are highly dependent, could present operational issues and require capital spending. The Company's ability to

compete successfully depends on a number of factors, including, among others, its ability to develop and execute strategic plans and initiatives; developing, maintaining and building long-term customer relationships based on quality service, competitive prices, high ethical standards and safe, sound assets; and industry and general economic trends. A failure to compete effectively could contribute to downward price pressure on the Company's products or services or a loss of market share.

The Company may need to lower prices on existing products and services and develop and introduce new products and services to maintain market share The Company's success depends, in part, on its ability to adapt its products and services to evolving industry standards. There is increasing pressure to provide products and services at lower prices. Lower prices can reduce the Company's net interest margin and revenues from its fee-based products and services. In addition, the adoption of new technologies or further developments in current technologies require the Company to make substantial expenditures to modify or adapt its existing products and services. Also, these and other capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure. The Company might not be successful in developing or introducing new products and services, adapting to changing customer preferences and spending and saving habits (which may be altered significantly and with little warning, such as during the COVID-19 pandemic), achieving market acceptance of its products and services, or sufficiently developing and maintaining loyal customer relationships.

The Company may not be able to complete future acquisitions, and completed acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated, may result in unforeseen integration difficulties, and may dilute existing shareholders' interests The Company regularly explores opportunities to acquire financial services businesses or assets and may also consider opportunities to acquire other banks or financial institutions. The Company cannot predict the number, size or timing of acquisitions it might pursue.

The Company must generally receive federal regulatory approval before it can acquire a bank or bank holding company. The Company's ability to pursue or complete an attractive acquisition could be negatively impacted by regulatory delay or other regulatory issues. The Company cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. For example, the Company may be required to sell branches as a condition to receiving regulatory approval for bank acquisitions. If the Company commits certain regulatory violations, including those that result in a downgrade in certain of the Company's bank regulatory ratings, governmental authorities could, as a consequence, preclude it from pursuing future acquisitions for a period of time.

In July 2021, the United States presidential administration issued an executive order on competition, which included provisions relating to bank mergers. These provisions encourage the Department of Justice and the federal banking regulators to update guidelines on banking mergers and to provide more scrutiny of bank mergers. A number of large bank deals that were pending at the time of the executive order have not yet obtained approval, or obtained approval on an extended time frame. The Company is unable to predict what impact the executive order or any updated guidelines on banking mergers the Department of Justice or federal banking regulators may implement will have on the timing of or ability to obtain regulatory approvals of mergers, including its pending acquisition of MUFG Union Bank. In addition, changes in personnel at the Company's federal banking regulators or shifts in public or Congressional sentiment regarding bank mergers could result in additional requirements on, or scrutiny of, bank mergers, any of which could make it more difficult for banking organizations to obtain merger approvals. The Company is unable to predict the nature or scope of any such changes, any of which could adversely affect its business or the approval of its pending acquisition of MUFG Union Bank.

If the Company's pending acquisition of MUFG Union Bank is not completed for any reason, the Company's ongoing business may be adversely affected and, without realizing any of the benefits of having completed the merger, the Company would be subject to a number of risks. These risks include potential negative reactions from the financial markets or the Company's customers, including negative effects on the Company's stock price or reputation. In addition, the Company will have incurred substantial expenses relating to the merger, including legal, accounting, and other fees, whether or not the merger is completed, and the Company's management will have devoted substantial time and resources to the merger that would otherwise have been devoted to other opportunities that may have been more beneficial for the Company.

There can be no assurance that acquisitions the Company completes will have the anticipated positive results, including results related to expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits. Integration efforts could divert management's attention and resources, which could adversely affect the Company's operations or results. The integration could result in higher than expected customer loss, deposit attrition, loss of key employees, disruption of the Company's businesses or the businesses of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected. In addition, future acquisitions may also expose the Company to increased legal or regulatory risks. Finally, future acquisitions could be material to the Company, and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholders' ownership interests.

Accounting and Tax Risk

The Company's reported financial results depend on management's selection of accounting methods and certain assumptions and estimates, which, if incorrect, could cause unexpected losses in the future The Company's accounting policies and methods are fundamental to how the Company records and reports its financial condition and results of operations. The Company's management must exercise judgment in selecting and applying many of these accounting policies and methods, so they comply with generally accepted accounting principles and reflect management's judgment regarding the most appropriate manner to report the Company's financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances, yet might result in the Company's reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting the Company's financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. These critical accounting policies include the allowance for credit losses, estimations of fair value, the valuation of MSRs, and income taxes. Because of the uncertainty of estimates involved in these matters, the Company may be required to do one or more of the following: significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the reserve provided, recognize significant losses on the remeasurement of certain asset and liability balances, or significantly increase its accrued taxes liability. For more information, refer to "Critical Accounting Policies" in this Annual Report.

The Company's investments in certain tax-advantaged projects may not generate returns as anticipated and may have an adverse impact on the Company's financial results The Company invests in certain tax-advantaged projects promoting affordable housing, community development and renewable energy resources. The Company's investments in these projects are designed to generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. The Company is subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, will fail to meet certain government compliance requirements and will not be able to be realized. The possible inability to realize these tax credit and other tax benefits can have a negative impact on the Company's financial results. The risk of not being able to realize the tax credits and other tax benefits depends on many factors outside of the Company's control, including changes in the applicable tax code and the ability of the projects to be completed.

General Risk Factors

The Company's framework for managing risks may not be effective in mitigating risk and loss to the Company The Company's risk management framework seeks to mitigate risk and loss. The Company has established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which it is subject, including liquidity risk, credit risk, market risk, interest rate risk, compliance risk, strategic risk, reputation risk, and operational risk related to its employees, systems and vendors, among others. However, as with any risk management framework, there are inherent limitations to the Company's risk management strategies as there may exist, or develop in the future, risks that it has not appropriately anticipated or identified. In addition, the Company relies on quantitative models to measure certain risks and to estimate certain financial values, and these models could fail to predict future events or exposures accurately. The Company must also develop and maintain a culture of risk management among its employees, as well as manage risks associated with third parties, and could fail to do so effectively. If the Company's risk management framework proves ineffective, the Company could incur litigation and negative regulatory consequences, and suffer unexpected losses that could affect its financial condition or results of operations.

The Company's business could suffer if it fails to attract and retain skilled employees The Company's success depends, in large part, on its ability to attract and retain key employees. Competition for the best people in most activities the Company engages in can be intense.

COVID-19 has had significant effects on labor and employment, including heightened pressures on employers to increase compensation and provide work-from-home and other flexible working arrangements. During the COVID-19 pandemic, employees have shifted their focus to expectations that extend beyond compensation, including better work-life balance, improved advancement opportunities and improved training, and many businesses, including the Company, have experienced higher rates of turnover as a result of such changes. The Company's ability to compete successfully for talent has been and may continue to be affected by its ability to adapt quickly to such shifts in employee focus, and there is no assurance that these developments will not cause increased turnover or impede the Company's ability to retain and attract the highest caliber employees.

A downgrade in the Company's credit ratings could have a material adverse effect on its liquidity, funding costs and access to capital markets The Company's credit ratings, which are subject credit agencies' ongoing review of a number of factors, including factors not within the Company's control, are important to the Company's liquidity. A reduction in one or more of the Company's credit ratings could adversely affect its liquidity, increase its funding costs or limit its access to the capital markets. Further, a downgrade could decrease the number of investors and counterparties willing or able, contractually or

otherwise, to do business with or lend to the Company, thereby adversely affecting the Company's competitive position. There can be no assurance that the Company will maintain its current ratings and outlooks.

Changes in accounting standards could materially impact the Company's financial statements From time to time, the Financial Accounting Standards Board and the United States Securities and Exchange Commission change the financial accounting and reporting standards that govern the preparation of the Company's financial statements. These changes can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations. The Company could be required to apply a new or revised standard retroactively or apply an existing standard differently, on a retroactive basis, in each case potentially resulting in the Company restating prior period financial statements.

Managing Committee

Andrew Cecere

Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere, 61, has served as President of U.S. Bancorp since January 2016, Chief Executive Officer since April 2017 and Chairman since April 2018. He also served as Vice Chairman and Chief Operating Officer from January 2015 to January 2016 and was U.S. Bancorp's Vice Chairman and Chief Financial Officer from February 2007 until January 2015. Until that time, he served as Vice Chairman, Wealth Management and Investment Services, of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. Previously, he had served as an executive officer of the former U.S. Bancorp, including as Chief Financial Officer from May 2000 through February 2001.

Elcio R.T. Barcelos

Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos, 51, has served in this position since joining U.S. Bancorp in September 2020. From April 2018 until August 2020, he served as Senior Vice President and Chief People and Places Officer of the Federal National Mortgage Association (Fannie Mae), having served as Senior Vice President, Human Resources of the DXC Technology Company from April 2017 to March 2018. Previously, Mr. Barcelos served as Senior Vice President and Head of Human Resources for the Enterprise Services business of Hewlett Packard Enterprise Company from June 2015 to April 2017, and in other human resources senior leadership positions at Hewlett-Packard Company and Hewlett Packard Enterprise Company from July 2009 to June 2015. He previously served in various leadership roles at Wells Fargo and Bank of America.

James L. Chosy

Mr. Chosy is Senior Executive Vice President and General Counsel of U.S. Bancorp. Mr. Chosy, 58, has served in this position since March 2013. He also served as Corporate Secretary of U.S. Bancorp from March 2013 until April 2016. From 2001 to 2013, he served as the General Counsel and Secretary of Piper Jaffray Companies. From 1995 to 2001, Mr. Chosy was Vice President and Associate General Counsel of U.S. Bancorp, having also served as Assistant Secretary of U.S. Bancorp from 1995 through 2000 and as Secretary from 2000 until 2001.

Gregory G. Cunningham

Mr. Cunningham is Senior Executive Vice President and Chief Diversity Officer of U.S. Bancorp. Mr. Cunningham, 58, has served in this position since July 2020. From July 2019 until July 2020, he served as Senior Vice President and Chief Diversity Officer of U.S. Bancorp, having served as Vice President of Customer Engagement of U.S. Bancorp from October 2015, when he joined U.S. Bancorp, until July 2019. Previously, Mr. Cunningham served in various roles in the marketing department of Target Corporation from January 1998 until March 2015.

Terrance R. Dolan

Mr. Dolan is Vice Chair and Chief Financial Officer of U.S. Bancorp. Mr. Dolan, 60, has served in this position since August 2016. From July 2010 to July 2016, he served as Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. From September 1998 to July 2010, Mr. Dolan served as U.S. Bancorp's Controller. He additionally held the title of Executive Vice President from January 2002 until June 2010 and Senior Vice President from September 1998 until January 2002.

Gunjan Kedia

Ms. Kedia is Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. Ms. Kedia, 51, has served in this position since joining U.S. Bancorp in December 2016. From October 2008 until May 2016, she served as Executive Vice President of State Street Corporation where she led the core investment servicing business in North and South America and served as a member of State Street's management committee, its senior most strategy and policy committee. Previously, Ms. Kedia was an Executive Vice President of global product management at Bank of New York Mellon from 2004 to 2008 and a Partner and associate at McKinsey from 1996 to 2004.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 56, has served in this position since January 2016. From March 2014 until December 2015, he served as Executive Vice President, Fixed Income and Capital Markets, of U.S. Bancorp, having served as Executive Vice President, Credit Fixed Income, of U.S. Bancorp from May 2009 to March 2014. Prior to that time, he held various leadership positions with Wells Fargo Securities from 2003 to 2009.

Shailesh M. Kotwal

Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal, 57, has served in this position since joining U.S. Bancorp in March 2015. From July 2008 until May 2014, he served as Executive Vice President of TD Bank Group with responsibility for retail banking products and services and as Chair of its enterprise payments council. From 2006 until 2008, he served as President, International, of eFunds Corporation. Previously, Mr. Kotwal served in various leadership roles at American Express Company from 1989 until 2006, including responsibility for operations in North and South America, Europe and the Asia-Pacific regions.

Katherine B. Quinn

Ms. Quinn is Vice Chair and Chief Administrative Officer of U.S. Bancorp. Ms. Quinn, 57, has served in this position since April 2017. From September 2013 to April 2017, she served as Executive Vice President and Chief Strategy and Reputation Officer of U.S. Bancorp and has served on U.S. Bancorp's Managing Committee since January 2015. From September 2010 until January 2013, she served as Chief Marketing Officer of WellPoint, Inc. (now known as Anthem, Inc.), having served as Head of Corporate Marketing of WellPoint from July 2005 until September 2010.

Jodi L. Richard

Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard, 53, has served in this position since October 2018. She served as Executive Vice President and Chief Operational Risk Officer of U.S. Bancorp from January 2018 until October 2018, having served as Senior Vice President and Chief Operational Risk Officer from 2014 until January 2018. Prior to that time, Ms. Richard held various senior leadership roles at HSBC from 2003 until 2014, including Executive Vice President and Head of Operational Risk and Internal Control at HSBC North America from 2008 to 2014. Ms. Richard started her career at the Office of the Comptroller of the Currency in 1990 as a national bank examiner.

Mark G. Runkel

Mr. Runkel is Senior Executive Vice President and Chief Transformation Officer of U.S. Bancorp. Mr. Runkel, 45, has served in this position since August 2021. From December 2013 to August 2021, he served as Senior Executive Vice President and Chief Credit Officer. From February 2011 until December 2013, he served as Senior Vice President and Credit Risk Group Manager of U.S. Bancorp Retail and Payment Services Credit Risk Management, having served as Senior Vice President and Risk Manager of U.S. Bancorp Retail and Small Business Credit Risk Management from June 2009 until February 2011. From March 2005 until May 2009, he served as Vice President and Risk Manager of U.S. Bancorp.

Dominic V. Venturo

Mr. Venturo is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Venturo, 55, has served in this position since July 2020. From January 2015 until July 2020, he served as Executive Vice President and Chief Innovation Officer of U.S. Bancorp, having served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Payment Services from January 2010 until January 2015. From January 2007 to December 2009, Mr. Venturo served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Retail Payment Solutions. Prior to that time, he served as Senior Vice President and held product management positions in various U.S. Bancorp Payment Services business lines from December 1998 to December 2006.

Jeffry H. von Gillern

Mr. von Gillern is Vice Chair, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern, 56, has served in this position since July 2010. From April 2001, when he joined U.S. Bancorp, until July 2010, Mr. von Gillern served as Executive Vice President of U.S. Bancorp, additionally serving as Chief Information Officer from July 2007 until July 2010.

Timothy A. Welsh

Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh, 56, has served in this position since March 2019. Prior to that, he served as Vice Chair, Consumer Banking Sales and Support since joining U.S. Bancorp in July 2017. From July 2006 until June 2017, he served as a Senior Partner at McKinsey & Company where he specialized in financial services and the consumer experience. Previously, Mr. Welsh served as a Partner at McKinsey from 1999 to 2006.

Directors

Andrew Cecere[1,3,7]
Chairman, President and Chief Executive Officer
U.S. Bancorp

Warner L. Baxter[2,4]
Executive Chairman and Former Chairman, President and Chief Executive Officer
Ameren Corporation
(Energy)

Dorothy J. Bridges[1,6,7]
Former Senior Vice President
Federal Reserve Bank of Minneapolis
(Government)

Elizabeth L. Buse[2,3]
Former Chief Executive Officer
Monitise PLC
(Financial services)

Kimberly N. Ellison-Taylor[2,6]
Founder and Chief Executive Officer
KET Solutions, LLC
(Technology)

Kimberly J. Harris[1,3,5]
Retired President and Chief Executive Officer
Puget Energy, Inc.
(Energy)

Roland A. Hernandez[1,3,5]
Founding Principal and Chief Executive Officer
Hernandez Media Ventures
(Media)

Olivia F. Kirtley[1,4,5]
Business Consultant
(Consulting)

Karen S. Lynch[1,2,4]
President and Chief Executive Officer
CVS Health Corporation
(Health care)

Richard P. McKenney[1,5,7]
President and Chief Executive Officer
Unum Group
(Financial protection benefits)

Yusuf I. Mehdi[6,7]
Corporate Vice President
Microsoft Corporation
(Technology)

John P. Wiehoff[6,7]
Retired Chairman and Chief Executive Officer
C.H. Robinson Worldwide, Inc.
(Transportation and logistics services)

Scott W. Wine[1,2,4]
Chief Executive Officer
CNH Industrial N.V.
(Agricultural machinery)

1. *Executive Committee*
2. *Audit Committee*
3. *Capital Planning Committee*
4. *Compensation and Human Resources Committee*
5. *Governance Committee*
6. *Public Responsibility Committee*
7. *Risk Management Committee*

CORPORATE INFORMATION

Executive offices

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Common stock transfer agent and registrar

Computershare acts as our transfer agent and registrar, dividend paying agent and dividend reinvestment plan administrator and maintains all shareholder records for the Company. Inquiries related to shareholder records, stock transfers, changes of ownership, lost stock certificates, changes of address and dividend payment should be directed to the transfer agent at:

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201.680.6578 (international calls)

computershare.com/investor

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Telephone representatives are available weekdays from 8 a.m. to 6 p.m., Central Time, and automated support is available 24 hours a day, seven days a week. Specific information about your account is available on Computershare's Investor Center website.

Independent auditor

Ernst & Young LLP serves as the independent auditor for U.S. Bancorp's financial statements.

Common stock listing and trading

U.S. Bancorp common stock is listed and traded on the New York Stock Exchange under the ticker symbol USB.

Dividends and reinvestment plan

U.S. Bancorp currently pays quarterly dividends on our common stock on or about the 15th day of January, April, July and October, subject to approval by our Board of Directors. U.S. Bancorp shareholders can choose to participate in a plan that provides automatic reinvestment of dividends and/or optional cash purchase of additional shares of U.S. Bancorp common stock. For more information, please contact our transfer agent, Computershare.

Investor relations contact

Jennifer A. Thompson, CFA
Executive Vice President
Investor Relations
jen.thompson@usbank.com
Phone: 612.303.0778 or 866.775.9668

Financial information

U.S. Bancorp news and financial results are available through our website and by mail.

Website: For information about U.S. Bancorp, including news, financial results, annual reports and other documents filed with the Securities and Exchange Commission, visit **usbank.com** and click on About Us.

Mail: At your request, we will mail to you our quarterly earnings, news releases, quarterly financial data reported on Form 10-Q, Form 10-K and additional copies of our annual reports. Please contact:

U.S. Bancorp Investor Relations
800 Nicollet Mall
Minneapolis, MN 55402
investorrelations@usbank.com
Phone: 866.775.9668

Media requests

David R. Palombi
Global Chief Communications Officer
Public Affairs and Communications
david.palombi@usbank.com
Phone: 612.303.3167

Privacy

U.S. Bancorp is committed to respecting the privacy of our customers and safeguarding the financial and personal information provided to us. To learn more about the U.S. Bancorp commitment to protecting privacy, visit **usbank.com** and click on Privacy.

Accessibility

U.S. Bancorp is committed to providing ready access to our products and services so all of our customers, including people with disabilities, can succeed financially. To learn more, visit **usbank.com** and click on Accessibility.

Ethics

At U.S. Bancorp, our commitment to high ethical standards guides everything we do. Demonstrating this commitment through our words and actions is how each of us does the right thing every day for our customers, shareholders, communities and each other. Our ethical culture has been recognized by the Ethisphere® Institute, which named us to its World's Most Ethical Companies® list for the seventh time in 2021.

Each year, every employee certifies compliance with the letter and spirit of our Code of Ethics and Business Conduct.

For details about our Code of Ethics and Business Conduct, visit **usbank.com** and click on About Us and then Investor Relations and then Corporate Governance and then Governance Documents.

Diversity, equity and inclusion

At U.S. Bancorp, embracing diversity, championing equity and fostering inclusion are business imperatives. We view everything we do through a diversity, equity and inclusion lens to deepen our relationships with our stakeholders: our employees, customers, shareholders and communities.

Our employees bring their whole selves to work. We respect and value each other's differences, strengths and perspectives, and we strive to reflect the communities we serve. This makes us stronger, more innovative and more responsive to our diverse customers' needs.

To learn more about our commitment to diversity, equity and inclusion, visit **usbank.com/diversity**.

Equal opportunity and affirmative action

U.S. Bancorp and our subsidiaries are committed to providing Equal Employment Opportunity to all employees and applicants for employment. In keeping with this commitment, employment decisions are made based on abilities, not race, color, religion, creed, citizenship, national origin or ancestry, gender, age, disability, veteran status, sexual orientation, marital status, gender identity or expression, genetic information or any other factors protected by law. The Company complies with municipal, state and federal fair employment laws, including regulations applying to federal contractors.

U.S. Bancorp, including each of our subsidiaries, is an equal opportunity employer committed to creating a diverse workforce.

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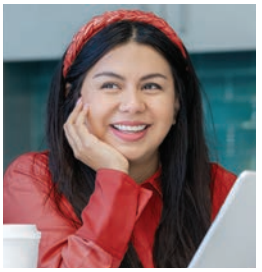
Annual Report 2022

"We have a tremendous opportunity ahead of us to make real, lasting and meaningful change that will position us to compete effectively now and long into the future."



Andy Cecere
Chairman, President and
Chief Executive Officer

Building momentum in an evolving landscape

As a company, we have spent the past several years addressing the rapid and dynamic changes confronting our industry and the world at large. Many of the trends we anticipated in our strategic planning were exacerbated or accelerated due to the COVID-19 pandemic, and we saw a greater shift toward digital and holistic money movement solutions, as well as an increased demand for speed and convenience in banking. These evolving expectations and behavioral shifts toward digital capabilities continue for the industry.

Yet as we look back over several years of change, our commitment to serving customers and helping them navigate uncertain economic times has remained constant. In 2020 and 2021, we helped customers navigate the uncertainty of the pandemic. Today, we are helping them in an environment of high inflation and rising interest rates.

Our approximately 77,000 U.S. Bank employees – including those staffing our more than 2,000 branches, our service centers and our offices across the globe – have played an important role for our customers. Their dedication has been impressive, and I want to express my deep gratitude and appreciation for how they have performed.

> "We have already seen progress in key areas, which will continue throughout 2023 and beyond."

As we move into a new chapter of our history, we are confidently moving forward and building momentum in an evolving and more competitive landscape while navigating an unpredictable world. We have gained a greater ability to build digital capabilities at scale. Our mix of digital plus human banking is a key differentiator. Our acquisition of MUFG Union Bank makes us a much stronger competitor in the fast-growing California and West Coast markets. We are also preparing for a wide range of economic scenarios so we can continue to deliver industry-leading financial results, which has been our hallmark for decades.

It helps to consider how far we have come as we think about what is next. Just five years ago, we were focused on enhancing our product set, optimizing our branch network, enhancing our digital capabilities, and driving data and analytics at scale. We have made progress in each of these areas. Our attention now is on building on those strengths and leveraging that foundation to do more to drive growth and define a better and more differentiated customer experience.

We also are relying on our legacy of financial and risk discipline to help us achieve our goals. Although we have weathered the pandemic and the associated ebbs and flows of a challenging economic environment, there are strong factors at play that require attention. Inflation, supply chain demands and pressures, a competitive talent landscape, the threat of global recession, and a dynamic regulatory environment show us we need to play both offense and defense. To accelerate growth, we must prioritize our investments, choose our no-regrets moves, and determine what we need to change to ensure we are focused on the right things.

In this type of environment, transformation must be more than a business buzzword. We need to be willing to change, decisive in our actions, and expedient in our steps. Part of that is evident in our multi-year, broad-scale continuous improvement approach toward growth. We have already seen progress in key areas, which will continue throughout 2023 and beyond. This is happening while we continue to enhance capabilities through important acquisitions such as talech, Bento and PFM Asset Management, and building our core banking scale through acquisitions like Union Bank.

The Union Bank acquisition allows us to be much more competitive and a more relevant player in California and along the West Coast, and after nearly 15 months of planning, we closed on the transaction in December. The hard work to integrate thousands of employees and millions of customers is underway now, and I continue to be impressed by the caliber of talent in both organizations and how everyone is singularly focused on doing what is right and what will make us a stronger company together.

> "We are evolving our talent strategy to address changing expectations, needed skills, and norms about how work is best accomplished."

This is a transaction that provides opportunity across a wide spectrum of constituents: Union Bank customers will have more access to digital capabilities and products and services than they previously had; we will serve more communities in California than ever before; and we will welcome new employees to our team from Union Bank.

As we enter 2023, we will continue to do three things. First, transform with purpose – making bold moves to drive growth over the long term. Next, we will run our operations effectively and efficiently – delivering on our promise to customers and leveraging the advances we have made in our technology to evolve in the markets we serve. Finally, we will maintain discipline so we can preserve our financial excellence and assess from a risk perspective what we will and will not do to achieve growth. In this environment, especially, we will continue to optimize the position of our balance sheet to most effectively manage capital with a focus on profitable growth. Similarly, we will rely on our risk appetite that has guided us successfully for many years and continue to pressure test assumptions to ensure they will serve us in changing times.

We also will continue to evolve our customer acquisition strategy. We enhanced our go-to-market model and simplified our organization to drive greater effectiveness and efficiency last year. We are evolving our talent strategy to address changing expectations, needed skills, and norms about how work is best accomplished. We are refining our marketing, digital and analytics approaches to better enable customer growth, and we are expanding our payments and business banking ecosystem to capitalize on the opportunity in that space. Further, we are building on our investments in technology transformation and a migration to the cloud to accelerate our work.

Beyond our refined talent strategy, we remain focused on diversity, equity and inclusion, which is particularly evident in our Access Commitment™ work. We will drive our commitment to environmental, social and governance (ESG) matters and position us to contribute positively to the overall health of our industry, customers and communities. This all will connect to our risk discipline, as we continue to focus on ways to drive growth responsibly and with both the short-term and long-term in mind. It also will complement and support the efforts we will implement through our Community Benefits Plan that was put in place as part of our Union Bank acquisition.

We have a tremendous opportunity ahead of us to make real, lasting and meaningful change that will position us to compete effectively now and long into the future. The decisions we make today are shaping our success, and we have a terrific team that is focused on reaching our full potential and serving customers to the best of our ability. We appreciate your continued trust and investment as shareholders in our company.

Sincerely,

Andy Cecere

Chairman, President and Chief Executive Officer
U.S. Bancorp

February 2023

FINANCIAL HIGHLIGHTS

$24.3B **In record net revenue** (Up 6.5% over 2021)

12.3% **Increase** in average loans year over year

6.5% **Increase** in average deposits year over year

2.3%[1] **Increase** in Positive Operating Leverage

2.72%[2] **Net Interest Margin** compared to 2.49% in 2021

82% of core consumer customers **engaged digitally with U.S. Bank**

UnionBank®

Impact of Union Bank acquisition

On December 1 we completed the acquisition of Union Bank, which meaningfully increased our market share in California and made us the No. 1 SBA lender in the state.

~1M
Consumer accounts added

~190K
Business banking clients added

~700
Commercial accounts added

~$82B
In deposits added

~$53B
In loans added

1. Operating leverage excludes the net revenue and noninterest expense of MUFG Union Bank and certain notable items, and is a non-GAAP financial metric. Please see Non-GAAP Financial Measures beginning on page 59.
2. Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

FINANCIAL SUMMARY

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2022	2021	2020	2022 v 2021	2021 v 2020
Net interest income	$14,728	$12,494	$12,825	17.9%	(2.6)%
Taxable-equivalent adjustment[a]	118	106	99	11.3	7.1
Net interest income (taxable-equivalent basis)[b]	14,846	12,600	12,924	17.8	(2.5)
Noninterest income	9,456	10,227	10,401	(7.5)	(1.7)
Total net revenue	24,302	22,827	23,325	6.5	(2.1)
Noninterest expense	14,906	13,728	13,369	8.6	2.7
Provision for credit losses	1,977	(1,173)	3,806	*	*
Income taxes and taxable-equivalent adjustment	1,581	2,287	1,165	(30.9)	96.3
Net income	5,838	7,985	4,985	(26.9)	60.2
Net (income) loss attributable to noncontrolling interests	(13)	(22)	(26)	40.9	15.4
Net income attributable to U.S. Bancorp	$5,825	$7,963	$4,959	(26.8)	60.6
Net income applicable to U.S. Bancorp common shareholders	$5,501	$7,605	$4,621	(27.7)	64.6
Per Common Share					
Earnings per share	$3.69	$5.11	$3.06	(27.8)%	67.0%
Diluted earnings per share	3.69	5.10	3.06	(27.6)	66.7
Dividends declared per share	1.88	1.76	1.68	6.8	4.8
Book value per share[c]	28.71	32.71	31.26	(12.2)	4.6
Market value per share	43.61	56.17	46.59	(22.4)	20.6
Average common shares outstanding	1,489	1,489	1,509	–	(1.3)
Average diluted common shares outstanding	1,490	1,490	1,510	–	(1.3)
Financial Ratios					
Return on average assets	.98%	1.43%	.93%		
Return on average common equity	12.6	16.0	10.0		
Net interest margin (taxable-equivalent basis)[a]	2.72	2.49	2.68		
Efficiency ratio[b]	61.4	60.4	57.8		
Average Balances					
Loans	$333,573	$296,965	$307,269	12.3%	(3.4)%
Investment securities[d]	169,442	154,702	125,954	9.5	22.8
Earning assets	545,343	506,141	481,402	7.7	5.1
Assets	592,149	556,532	531,207	6.4	4.8
Deposits	462,384	434,281	398,615	6.5	8.9
Total U.S. Bancorp shareholders' equity	50,416	53,810	52,246	(6.3)	3.0
Period End Balances					
Loans	$388,213	$312,028	$297,707	24.4%	4.8%
Allowance for credit losses	7,404	6,155	8,010	20.3	(23.2)
Investment securities	161,650	174,821	136,840	(7.5)	27.8
Assets	674,805	573,284	553,905	17.7	3.5
Deposits	524,976	456,083	429,770	15.1	6.1
Total U.S. Bancorp shareholders' equity	50,766	54,918	53,095	(7.6)	3.4
Capital Ratios					
Common equity tier 1 capital	8.4%	10.0%	9.7%		
Tier 1 capital	9.8	11.6	11.3		
Total risk-based capital	11.9	13.4	13.4		
Leverage	7.9	8.6	8.3		
Total leverage exposure	6.4	6.9	7.3		
Tangible common equity to tangible assets[b]	4.5	6.8	6.9		
Tangible common equity to risk-weighted assets[b]	6.0	9.2	9.5		
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology[b]	8.1	9.6	9.3		

** Not meaningful*

(a) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(b) See Non-GAAP Financial Measures beginning on page 59.

(c) Calculated as U.S. Bancorp common shareholders' equity divided by common shares outstanding at end of the period.

(d) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Growing our capabilities to power potential

As a company, we're at an exciting moment in our transformative journey. During the past five years, we've laid the groundwork for where we want to go and positioned ourselves for growth. We have made significant investments in digital and technology – and continue to do so – and strategically enhanced our products and services. These modern business foundations have become our strength, and it's time to expand what we can do with them. As we look ahead, we're excited about the potential.

We'll continue to find purposeful, strategic ways to help our customers, communities and business grow – together.

Powering potential for businesses

Running a business involves many moving parts, and our teams provide trusted guidance to help businesses of every size navigate the journey. From products that enable users to make and receive payments to a dashboard for small business owners that provides greater visibility into their transactions in one place – our innovative banking and payments solutions are resonating with the market.

Helping businesses better understand their future cash flow, digitally

We knew that our small business customers wanted a better line of sight into their future cash flow. We answered with a new online banking tool that lets them see a 90-day forecast, with the ability to leverage their external data in addition to their U.S. Bank accounts. This gives business owners valuable information to make smart decisions for today and tomorrow.

This tool is the latest feature we introduced as part of our U.S. Bank Business Essentials™, an integrated suite of banking and payments solutions that are simple and convenient for businesses to use to manage and run their operations.

In September, we also launched talech Register. The next generation all-in-one point-of-sale, payments and business analytics platform empowers small business owners to both accept payments from customers and better manage their operations. We also made it easy to get started with a unique option to rent hardware, which significantly lowers the initial investment for business owners.

Embedded technology transforms the way businesses send and receive payments

In early 2022, we announced a significant collaboration with Microsoft to drive our technology transformation through the power of cloud computing and, in turn, bring better digital experiences to customers. U.S. Bank AP Optimizer® and Elavon's Payment Gateway are embedded into Microsoft's popular enterprise resource planning and finance solution, making it easier for businesses to quickly use our resources.

Growing real-time payments capabilities

We've made significant progress helping clients realize the potential of real-time payments. In fact, the total number of real-time payment transactions soared 17 times higher January 2022 through September 2022 than all of 2020.

One key contributor to the growth is how we work with business clients to create real-time payment use cases. For example, we now provide real-time loan funding to auto dealerships after a loan contract is finalized by the bank, using the RTP® Network. While the traditional ACH payment method for funding auto loans can take several days – especially when sales are made outside of traditional Monday-to-Friday business hours – real-time payments to dealers are fast, secure and available seven days a week, including holidays. For an industry that does much of their business in the evening and on weekends, this is a significant improvement. Auto dealers using real-time payments gain a competitive advantage, with greater control over cash flow and improved Contract-in-Transit metrics, a key performance indicator for auto dealers and their employees.

The new service follows a partnership announced in March 2022 with the auto sales e-commerce site Driveway.com to support instant settlement for online car purchases on the secondary market, making Driveway the first online car dealership to pay customers over the RTP® network. Customers selling a car on Driveway.com can now receive instant payment into their bank account after a sale is complete and before the vehicle leaves their driveway.

Simplifying and accelerating supply-chain financing

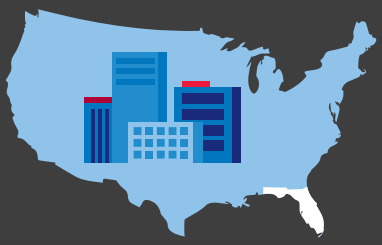
A constant over the past several years has been unprecedented stress in the global supply chain. To help lessen the burden, we entered into an agreement with trade-finance fintech LiquidX to expedite and simplify supply chain transactions.

This collaboration pairs our strong balance sheet with LiquidX's streamlined platform technology to address supply chain finance friction and cash flow challenges facing many companies. Suppliers and buyers can connect their supply chain payment systems directly to U.S. Bank and transact through LiquidX's easy-to-use platform. Our financing solutions delivered through this collaboration enable suppliers to be paid nearly immediately and buyers to receive extended payment terms.

Helping clients track ESG data

With investors' increasing interest in companies that are socially responsible and can prove it, there are new and higher standards for companies to meet. That's why we partnered with Sustainalytics, a Morningstar company and a leading global provider of environmental, social and governance (ESG) research and ratings, to offer ESG data solutions to U.S. Bank Global Fund Services clients. Where independent ESG analytics and reporting services are required, clients will have access to a range of derived fund-level sustainability measures applicable to their portfolio.

We continued to grow our commercial real estate (CRE) team in 2022, both geographically and in terms of capabilities. First, we expanded into Florida and built a team with extensive experience there. Additionally, we launched a new middle market commercial real estate team to grow our business with midsize developers and investors in key metro areas.



Powering potential for our customers

Powering potential includes removing barriers to success. That's why we are focused on making things simpler both in how we work, and in the products and services we provide. But simple is not the same as basic. We're excited about the new ways we're making life easier for customers' everyday money matters.

A new and improved approach to checking

While more and more of us may no longer write out physical checks to pay for purchases or bills, our checking accounts are still the foundation of our financial world. How we use our accounts has changed, though. So, we launched the U.S. Bank Smartly® Checking and U.S. Bank Smart Rewards® program to help customers maximize their money, smartly.

The benefits and features include lowered or even zero monthly maintenance fees, and no-fee overdraft protection for transfers as part of our Overdraft Fee Forgiven program. Based on their relationship with the bank, customers can also enjoy waived fees for non-U.S. Bank ATMs; a savings interest rate lift; 0.25% off on mortgage closing costs; and 100 free trades of online investing. Customers who meet balance minimums or other qualifiers can then enroll in the U.S. Bank Smart Rewards® program and unlock more benefits, like higher interest rates on savings and discounts on mortgage closing costs, based on their total balances throughout the bank.

Customers who open a U.S. Bank Smartly® Checking account can also enroll in the U.S. Bank Smart Rewards® program and unlock more benefits based on their total qualifying balances throughout the bank.

The new **U.S. Bank Shopper Cash Rewards® Card** allows cardmembers to earn up to 6% cash back on purchases at two retailers of their choice.

Helping customers get more for their money

Remember carrying multiple credit cards for all your favorite retailers? Well, we've made shopping as a loyalty customer a lot more convenient with the new U.S. Bank Shopper Cash Rewards® Card. This single card allows cardmembers to earn up to 6% cash back on purchases at two retailers of their choice out of a list that includes big brands such as Amazon.com™, Home Depot® and Walmart®. Cardmembers also can change which retailers they receive cash back from, a feature that can help them save money when they know they will be making a significant purchase. The U.S. Bank Shopper Cash Rewards® Card also gives cardmembers up to 3% cash back on their top choice between gas stations and EV charging stations, wholesale clubs such as Costco Wholesale® and Sam's Clubs®, or bills and home utilities – plus 1.5% cash back on everything else. In addition, the card offers 5.5% cash back on hotels and car rentals listed and booked directly in the U.S. Bank Rewards Center.

Equipping customers with financial tools to reach their goals

Banking is about more than moving your money around. It's about understanding how to use your money in ways that help you achieve your goals. That's why we added a new Goals feature to our mobile app and online banking – giving customers an amazing, personalized experience. Every day customers are adding new goals in the app – everything from "Buy a Home," "Grow My Family," "Start or Grow My Business," "Pursue a Passion" – where it's easy to compile and chart their progress. Then, we give them the tools, guidance and pathways to reach those goals. We're the first bank to approach behavioral science the way we have, designing digital plus human experiences. In 2022, we helped more than 330,000 customers plan for or achieve more than 400,000 meaningful goals and outcomes in their lives.

The first Spanish-language voice assistant for banking

U.S. Bank is the first financial institution in the United States to offer Spanish-speaking customers the ability to bank by voice in their preferred language via mobile app. Asistente Inteligente de U.S. Bank™ is a Spanish-language version of our best-in-class Smart Assistant in the U.S. Bank Mobile App with all the same features and functionality as the popular English-language version.

Customers who set their preferred language to Spanish in the U.S. Bank Mobile App can now check their balance and transactions, transfer and send money, track their credit score, lock and unlock their card, make payments, and quickly search for and complete many other functions – just by talking into their smartphone in Spanish. If they prefer to text instead of talk, Asistente Inteligente de U.S. Bank™ supports that too.[1]

A new technology for Wealth Management and Investment Services clients

We hit an exciting milestone in 2022 for Wealth Management and Investment Services clients. After two years of migration groundwork, we've converted nearly 10,000 client accounts to our new cutting-edge and scalable SEI Wealth Platform℠. The platform is what we use to hold (custody) customers' cash and assets and manage their financial transactions across global markets. The new technology is a critical step in positioning our business and our clients for the future. SEI Wealth Platform℠ will support our growth through robust servicing capabilities, as well as allowing transactions across multiple markets and currencies, to meet the demands of our global client base.

An overall leader in mobile banking

Javelin Strategy & Research's 2022 Digital Banking Scorecard recognized U.S. Bank as the category leader in five out of six mobile banking categories – even more than last year – and a category leader in an additional two categories for Online Banking.

Empowering student-athletes to build long-term wealth

Student-athletes have an opportunity to score big with the new policies that allow high school and college athletes to monetize the use of their name, image and likeness (NIL), and we're helping them make the most of it. We teamed up with Opendorse, the leading technology provider in athlete endorsement, to empower student-athletes with free financial programming. Our financial education and college banking experts worked with Opendorse curriculum specialists to create U.S. Bank Financial Fitness™, the customized financial literacy program curated specifically for student-athletes to learn how to game-plan for creating short-term and long-term wealth for their new income stream.

1. Some services may only be available in English.

2022 WORLD'S MOST ETHICAL COMPANIES® ™
WWW.ETHISPHERE.COM

This is the **eighth consecutive year** we have earned this honor, and we're one of only three U.S.-based banks honored.

"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

Powering potential for success

Our employees work hard every day to earn and keep the trust of the customers and communities we serve. We know that trust is a key factor when customers decide who they want to do business with. Being the most trusted choice also means being a good corporate citizen. For us, doing business in an environmentally sustainable and socially responsible manner is also a driver of innovation – today and for generations to come.

We're proud to have received ongoing recognition for our commitment to ethics, accountability and social responsibility. In 2022:

- We were once again named one of the World's Most Ethical Companies® by Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. This is the eighth consecutive year we have earned this honor, and we're one of only three U.S.-based banks honored.
- Fortune® magazine recognized us as one of the 2022 World's Most Admired Companies, naming us No. 1 in the Superregional Banks industry category for the 12th consecutive year. Within this category, we topped the list in seven of the nine key attributes of reputation: People Management, Use of Corporate Assets, Social Responsibility, Quality of Management, Financial Soundness, Long-Term Investment Value and Quality of Products/Services.

Building trust through corporate citizenship

As a financial services provider, our Environmental, Social and Governance (ESG) efforts reflect our commitment to being a responsible corporate citizen. This includes our work to meet our Community Reinvestment Act (CRA) goals, to drive social and environmental impact while delivering for customers and to dedicate ourselves to creating an inclusive workplace.

You can learn more about our progress in our 2021 ESG report and our Task Force on Climate-related Financial Disclosures report published in December. Our 2022 ESG report is expected later this year. In the interim, below we've highlighted some key advancements we made in 2022 to enable a sustainable future and increase equity, access and economic empowerment:

$64M
in corporate contributions and U.S. Bank Foundation giving

$2.7B
invested in renewable energy tax equity

98%
of U.S. Bank Foundation dollars supported women, people of color and low-and-moderate income communities

$321M
in capital went to Black-owned or -led businesses and organizations through U.S. Bancorp Community Development Corporation financing

$20
increased minimum hourly wage to $20

Outstanding
rating received by U.S. Bank from the most recent Community Reinvestment Act (CRA) exam[1]

1.5M
individuals received financial education with a focus on diverse and underserved communities

$13M
pledged to nonprofits through annual Employee Giving Campaign

311,000
employee volunteer hours, equated to $9.3 million investment[2]

1. Community Reinvestment Act (CRA) exam by the Office of the Comptroller of the Currency (OCC) is from January 1, 2016, to December 31, 2020.
2. Volunteer hours valued at $29.95 per hour by the Independent Sector.

To read more, visit:
usbank.com/community

Powering potential for our people

Our people are our greatest asset; they're vital to our success and our customers' success. That's why we invest in the careers of our approximately 77,000 employees through programs that empower each of us to bring our diverse perspectives to work every day. We're honored that our efforts to create a great place to work received wide recognition yet again this year.

- We ranked among the Top 50 companies overall in the American Opportunity Index – a new report created by The Burning Glass Institute, Harvard Business School and the Schultz Family Foundation – which measures employee economic mobility. We were also among the **"Best Workplaces to Advance Within"** and **"Best Workplaces to Advance Without a College Degree."**
- Seramount ranked us as one of the 100 Best Companies for Working Parents for the third consecutive year.
- Military Times again recognized us as one of the "Best for Vets" – an honor we've received annually since 2010.
- We earned **a perfect score of 100 on the** 2022 Disability Equality Index® and were recognized as a **"Best Place to Work for Disability Inclusion"** for the fifth consecutive year.
- For the 16th consecutive year, we scored 100 on the Human Rights Campaign Foundation's annual Corporate Equality Index®, the nation's most prominent report measuring corporate policies and practices related to LGBTQ workplace equality.
- We were named to the DiversityInc. Top 50 Index® again this year, rising to No. 17 overall. We also continue to be ranked on DiversityInc.'s specialty lists for topics including philanthropy, supplier diversity, Board, and employee resource groups.

Notable enhancements we made in 2022:

- Increased our parental leave policy in January to ensure we're investing in our employees' life moments.
- Enhanced our leaves of absence policies for military members to help smooth the transition into active duty.
- Boosted salaries of thousands of employees, including front-line branch, call center and operations center employees as part of our announcement that all employees in the U.S. and Canada will make at least $20 an hour.

Powering potential in our communities

We're passionate about helping people thrive through building wealth. That's why we invest in and give back to communities we live and work in.

In 2022, we made significant progress implementing and building on U.S. Bank Access Commitment™, a series of long-term initiatives to address the persistent racial wealth gap and increase wealth building opportunities. We also continued to integrate social, environmental and economic progress into our work through U.S. Bancorp Community Development Corporation, financing projects that help develop affordable housing, build thriving communities, or accelerate the transition to a green economy. And, as part of our acquisition of Union Bank, we also announced a $100 billion community benefit plan that will build on U.S. Bank Access Commitment™ and expand our efforts to increase access to capital in all the communities we serve.

Getting more people into homes

We know that homeownership is a cornerstone to wealth building, and that Black families disproportionately rent their homes, which is why we launched U.S. Bank Access Home™, a part of U.S. Bank Access Commitment™, an initiative we believe is key to our commitment to helping close the racial wealth gap. The multipronged program will provide financial education, increase awareness of lending and financing options, and help fund our new mortgage loan officer development program designed to reach the Black community.

We also announced a separate **investment** from our mortgage business that will support a wide range of outreach, engagement and educational efforts through partnerships with organizations that promote housing in diverse and underserved communities. The initial investment will focus on partners where housing disparities are the largest, including: Las Vegas, Little Rock, Milwaukee, Minneapolis and St. Louis, and we are also partnering nationally with Fannie Mae and Freddie Mac.

Expanding our investment in developers of color

As part of our U.S. Bank Access to Capital™ initiative, we're investing in developers of color through our Community Development Financial Institution (CDFI) partners. In 2022, we provided **$300,000 in grants to five Black-led CDFIs** that work with Black affordable housing developers. The combination of technical assistance and predevelopment capital helps create on-ramps for developers of color in the affordable housing industry.

Coaching financial literacy with the WNBA

We're proud to be a **WNBA Changemaker**, providing the league's players and alumni access to financial resources, and creating programs to increase financial education across the country. The multiyear relationship means we are joining a collective of purpose-driven companies that are striving to elevate women in sports and support the league's mission around advancing diversity, equity and inclusion. One of the early initiatives in partnership with **Project Destined** – a social impact platform – is the launch of She's Invested: Supporting Emerging Female Leaders. The program provides mentoring and financial education to women of color from Historically Black Colleges and Universities (HBCUs) as well as universities in Southern California.

Receive an electronic copy of the Annual Report

To help to reduce the use of environmental resources and promote environmental stewardship, we partnered with **Arbor Day** to plant a tree for every retail shareholder account who opted for electronic delivery of our annual report. Last year, 3,200 trees were planted as a result, and we are continuing that partnership again this year.

If you haven't already done so, you can sign up to receive electronic versions of our Annual Report at **usbank.com/electronicAR**.

MANAGING COMMITTEE

Andrew Cecere
Chairman, President and Chief Executive Officer

Souheil S. Badran
Senior Executive Vice President and Chief Operations Officer

Elcio R.T. Barcelos
Senior Executive Vice President and Chief Human Resources Officer

James L. Chosy
Senior Executive Vice President and General Counsel

Gregory G. Cunningham
Senior Executive Vice President and Chief Diversity Officer

Venkatachari Dilip
Executive Vice President and Global Chief Information and Technology Officer

Terrance R. Dolan
Vice Chair and Chief Financial Officer

Gunjan Kedia
Vice Chair, Wealth Management and Investment Services

James B. Kelligrew
Vice Chair, Corporate and Commercial Banking

Shailesh M. Kotwal
Vice Chair, Payment Services

Katherine B. Quinn
Vice Chair and Chief Administrative Officer

Jodi L. Richard
Vice Chair and Chief Risk Officer

Mark G. Runkel
Senior Executive Vice President and Chief Transformation Officer

Dominic V. Venturo
Senior Executive Vice President and Chief Digital Officer

Jeffry H. von Gillern
Vice Chair, Technology and Operations Services

Timothy A. Welsh
Vice Chair, Consumer and Business Banking

BOARD OF DIRECTORS

Andrew Cecere
Chairman, President and Chief Executive Officer, U.S. Bancorp

Warner L. Baxter
Executive Chairman and Former Chairman, President and CEO, Ameren Corporation

Dorothy J. Bridges
Chief Executive Officer, Metropolitan Economic Development Association (Meda)

Elizabeth L. Buse
Former Chief Executive Officer, Monitise plc

Alan B. Colberg
Retired President and Chief Executive Officer, Assurant, Inc.

Kimberly N. Ellison-Taylor
Founder and Chief Executive Officer, KET Solutions, LLC

Kimberly J. Harris
Retired President and Chief Executive Officer, Puget Energy, Inc.

Roland A. Hernandez
Founding Principal and Chief Executive Officer, Hernandez Media Ventures (Incoming Lead Independent Director)

Olivia F. Kirtley
Business Consultant (Lead Independent Director)

Richard P. McKenney
President and Chief Executive Officer, Unum Group

Yusuf I. Mehdi
Corporate Vice President, Microsoft Corporation

Loretta E. Reynolds
Founder and Chief Executive Officer, LEReynolds Group, LLC

John P. Wiehoff
Retired Chairman and Chief Executive Officer, C.H. Robinson Worldwide, Inc.

Scott W. Wine
Chief Executive Officer, CNH Industrial N.V.

ABOUT US

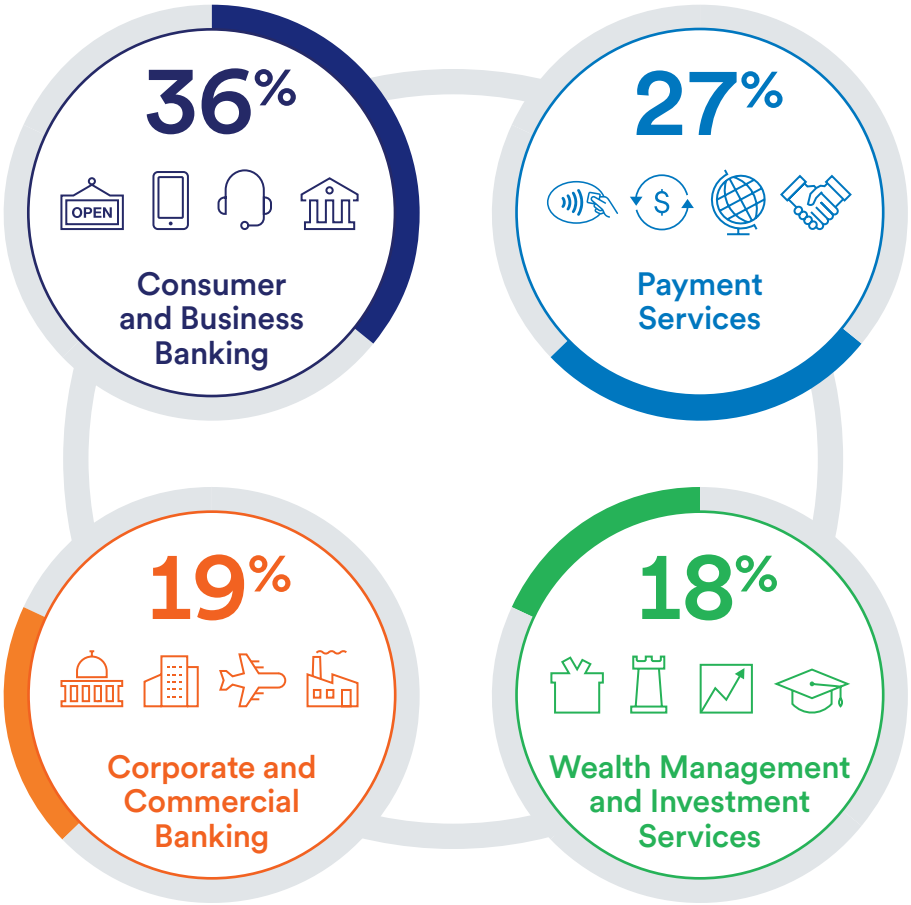
U.S. Bancorp, with approximately 77,000 employees and $675 billion in assets as of Dec. 31, 2022, is the parent company of U.S. Bank National Association.

The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate and Commercial Banking; and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility, and customer service, including being named one of the 2022 World's Most Ethical Companies and Fortune's most admired superregional bank. MUFG Union Bank, consisting primarily of retail banking branches on the West Coast, joined U.S. Bancorp in 2022.

Learn more at **usbank.com/about**.

Revenue mix by business line

2022 taxable-equivalent basis. Business line revenue percentages exclude Treasury and Corporate Support. See Non-GAAP Financial Statements on page 59.



- **Consumer and Business Banking:** Branches; 24-hour customer centers; mobile banking; online banking; mortgages; consumer lending; ATM and debit processing; workplace banking; student banking
- **Payment Services:** Credit, debit, prepaid, virtual, corporate, purchasing and fleet cards; global payment processing; freight payment services; real-time payments; eCommerce
- **Corporate and Commercial Banking:** Lending; asset based financing; equipment finance and small-ticket leasing; correspondent banking; depository services; capital markets; international trade
- **Wealth Management and Investment Services:** Wealth planning, investments, trust services; private banking; specialty asset management; global custody solutions; global fund services; corporate and institutional trust services

Our strategic pillars.

Our strategy is how we will grow; it comes to life by activating our pillars.

- Being the Most Trusted Choice
- Driving One U.S. Bank
- Striving for Simplicity
- Creating the Future Now

The following pages discuss in detail the financial results we achieved in 2022 — results that reflect how we are creating the future now.

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

This report contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, future economic conditions and the anticipated future revenue, expenses, financial condition, asset quality, capital and liquidity levels, plans, prospects and operations of U.S. Bancorp. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "projects," "forecasts," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could."

Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those set forth in forward-looking statements, including the following risks and uncertainties:

- Deterioration in general business and economic conditions or turbulence in domestic or global financial markets, which could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility;
- Changes to statutes, regulations, or regulatory policies or practices, including capital and liquidity requirements, and the enforcement and interpretation of such laws and regulations, and U.S. Bancorp's ability to address or satisfy those requirements and other requirements or conditions imposed by regulatory entities;
- Changes in interest rates;
- Increases in unemployment rates;
- Deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans;
- Risks related to originating and selling mortgages, including repurchase and indemnity demands, and related to U.S. Bancorp's role as a loan servicer;
- Impacts of current, pending or future litigation and governmental proceedings;
- Increased competition from both banks and non-banks;
- Effects of climate change and related physical and transition risks;
- Changes in customer behavior and preferences and the ability to implement technological changes to respond to customer needs and meet competitive demands;
- Breaches in data security;
- Failures or disruptions in or breaches of U.S. Bancorp's operational or security systems or infrastructure, or those of third parties;
- Failures to safeguard personal information;
- Impacts of pandemics, including the COVID-19 pandemic, natural disasters, terrorist activities, civil unrest, international hostilities and geopolitical events;
- Impacts of supply chain disruptions, rising inflation, slower growth or a recession;
- Failure to execute on strategic or operational plans;
- Effects of mergers and acquisitions and related integration;
- Effects of critical accounting policies and judgments;
- Effects of changes in or interpretations of tax laws and regulations;
- Management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk; and
- The risks and uncertainties more fully discussed in the section entitled "Risk Factors" of this report.

In addition, U.S. Bancorp's acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the acquisition may not be realized or may take longer than anticipated to be realized; and the possibility that the combination of MUFG Union Bank with U.S. Bancorp, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated or have unanticipated adverse results.

In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

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Management's Discussion and Analysis

Overview

In 2022, U.S. Bancorp and its subsidiaries (the "Company") continued to demonstrate financial strength and a diversified business model by maintaining sound credit quality and a strong capital and liquidity position, while continuing to invest in key business initiatives to drive growth in the future.

MUFG Union Bank Acquisition On December 1, 2022, the Company acquired MUFG Union Bank N.A.'s core regional banking franchise ("MUB") from Mitsubishi UFJ Financial Group, Inc. Pursuant to the terms of a previously announced Share Purchase Agreement, the Company acquired all of the issued and outstanding shares of common stock of MUB for a purchase price consisting of $5.5 billion in cash and approximately 44 million shares of the Company's common stock. The Company also received additional MUB capital of $3.5 billion upon completion of the acquisition. The additional capital received is held at the MUB subsidiary and required to be repaid to Mitsubishi UFJ Financial Group, Inc. on or prior to the fifth anniversary date of the completion of the purchase, in accordance with the terms of the Share Purchase Agreement. As such, it is recognized as debt at the parent company. The transaction excludes the purchase of substantially all of MUB's Global Corporate & Investment Bank (other than certain deposits), certain middle and back-office functions, and other assets. MUB operates approximately 300 branches in California, Washington and Oregon. The Company's 2022 results reflect MUB's operations for the month of December 2022, and the Company's balance sheet as of December 31, 2022 includes MUB's balances acquired or assumed in the transaction, including $81.4 billion in total assets, $53.1 billion of loans and $82.0 billion of deposits. As of the date of acquisition, MUB is a wholly-owned subsidiary of the Company and an affiliate of U.S. Bank National Association ("USBNA"), the Company's primary banking subsidiary. The Company expects to merge MUB into USBNA in connection with the conversion of MUB customers and systems to the USBNA platform over Memorial Day weekend in 2023.

Financial Performance The Company earned $5.8 billion in 2022, or $3.69 per diluted common share, compared with $8.0 billion, or $5.10 per diluted common share in 2021. Financial performance for 2022, compared with 2021, included the following:

- Net interest income increased $2.2 billion (17.8 percent) due to the impact of rising rates on earnings assets and growth in average loan and investment securities balances, partially offset by deposit pricing and changes in funding mix;
- Noninterest income decreased $771 million (7.5 percent) primarily due to lower mortgage banking revenue, and lower other noninterest income driven by the impact of interest rate economic hedges related to the MUB acquisition, partially offset by higher trust and investment management fees and payment services revenue;
- Noninterest expense increased $1.2 billion (8.6 percent), reflecting operating expenses and merger and integration charges related to the MUB acquisition, along with increases in compensation and employee benefits expense, marketing and business development expense and other noninterest expense;
- The provision for credit losses increased $3.2 billion, driven by the impact of loan growth and increasing economic uncertainty, as well as the initial provision for credit losses related to the MUB acquisition and the provision impact of balance sheet repositioning and capital management actions taken in 2022 in connection with the acquisition;
- Average loans increased $36.6 billion (12.3 percent) primarily due to higher average commercial loans and residential mortgages, including the impact of the MUB acquisition; and
- Average deposits increased $28.1 billion (6.5 percent), driven by increases in average total savings deposits and time deposits including the impact of the MUB acquisition, partially offset by a decrease in average noninterest bearing deposits.

Credit Quality The Company continues to maintain strong credit quality as it prudently manages credit underwriting.

- The allowance for credit losses was $7.4 billion at December 31, 2022, an increase of $1.2 billion compared with December 31, 2021. The increase included the impacts of the MUB acquisition, along with loan growth and increased economic uncertainty.
- Nonperforming assets were $1.0 billion at December 31, 2022, an increase of $138 million compared with December 31, 2021. The increase was driven by acquired balances related to the MUB acquisition, partially offset by decreases in nonperforming loans in the legacy portfolio.
- Net charge-offs were $1.1 billion in 2022, an increase of $381 million compared with 2021. The increase reflected approximately $179 million related to the purchase accounting treatment for acquired MUB loans, as well as the impact related to balance sheet repositioning and capital management actions taken during 2022 in connection with the acquisition.

Capital Management At December 31, 2022, all of the Company's regulatory capital ratios exceeded regulatory "well-capitalized" requirements.

- The Company's common equity tier 1 capital ratio was 8.4 percent at December 31, 2022.
- During 2022, the Company announced a 4.3 percent increase in the quarterly dividend rate per common share.

The Company's financial strength, diversified business model and strong credit quality position it well for 2023. Economic uncertainty in both the domestic and global economies currently exists. The Company's business model is resilient due to disciplined credit underwriting standards and robust risk management infrastructure. The Company remains focused on prudent balance sheet growth and the prudent allocation of capital to lines of business and products best served to deliver on its strategic vision. The Company's growth strategy is focused on creating value for its customers, communities and shareholders, which will allow it to continue to generate industry-leading performance.

TABLE 1 Selected Financial Data

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2022	2021	2020
Condensed Income Statement			
Net interest income	$ 14,728	$ 12,494	$ 12,825
Taxable-equivalent adjustment[a]	118	106	99
Net interest income (taxable-equivalent basis)[b]	14,846	12,600	12,924
Noninterest income	9,456	10,227	10,401
Total net revenue	24,302	22,827	23,325
Noninterest expense	14,906	13,728	13,369
Provision for credit losses	1,977	(1,173)	3,806
Income before taxes	7,419	10,272	6,150
Income taxes and taxable-equivalent adjustment	1,581	2,287	1,165
Net income	5,838	7,985	4,985
Net (income) loss attributable to noncontrolling interests	(13)	(22)	(26)
Net income attributable to U.S. Bancorp	$ 5,825	$ 7,963	$ 4,959
Net income applicable to U.S. Bancorp common shareholders	$ 5,501	$ 7,605	$ 4,621
Per Common Share			
Earnings per share	$ 3.69	$ 5.11	$ 3.06
Diluted earnings per share	3.69	5.10	3.06
Dividends declared per share	1.88	1.76	1.68
Book value per share[c]	28.71	32.71	31.26
Market value per share	43.61	56.17	46.59
Average common shares outstanding	1,489	1,489	1,509
Average diluted common shares outstanding	1,490	1,490	1,510
Financial Ratios			
Return on average assets	.98%	1.43%	.93%
Return on average common equity	12.6	16.0	10.0
Net interest margin (taxable-equivalent basis)[a]	2.72	2.49	2.68
Efficiency ratio[b]	61.4	60.4	57.8
Net charge-offs as a percent of average loans outstanding	.32	.23	.58
Average Balances			
Loans	$333,573	$296,965	$307,269
Loans held for sale	3,829	8,024	6,985
Investment securities[d]	169,442	154,702	125,954
Earning assets	545,343	506,141	481,402
Assets	592,149	556,532	531,207
Noninterest-bearing deposits	120,394	127,204	98,539
Deposits	462,384	434,281	398,615
Short-term borrowings	25,740	14,774	19,182
Long-term debt	33,114	36,682	44,040
Total U.S. Bancorp shareholders' equity	50,416	53,810	52,246
Period End Balances			
Loans	$388,213	$312,028	$297,707
Investment securities	161,650	174,821	136,840
Assets	674,805	573,284	553,905
Deposits	524,976	456,083	429,770
Long-term debt	39,829	32,125	41,297
Total U.S. Bancorp shareholders' equity	50,766	54,918	53,095
Asset Quality			
Nonperforming assets	$ 1,016	$ 878	$ 1,298
Allowance for credit losses	7,404	6,155	8,010
Allowance for credit losses as a percentage of period-end loans	1.91%	1.97%	2.69%
Capital Ratios			
Common equity tier 1 capital	8.4%	10.0%	9.7%
Tier 1 capital	9.8	11.6	11.3
Total risk-based capital	11.9	13.4	13.4
Leverage	7.9	8.6	8.3
Total leverage exposure	6.4	6.9	7.3
Tangible common equity to tangible assets[b]	4.5	6.8	6.9
Tangible common equity to risk-weighted assets[b]	6.0	9.2	9.5
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology[b]	8.1	9.6	9.3

(a) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(b) See Non-GAAP Financial Measures beginning on page 59.

(c) Calculated as U.S. Bancorp common shareholders' equity divided by common shares outstanding at end of the period.

(d) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Earnings Summary The Company reported net income attributable to U.S. Bancorp of $5.8 billion in 2022, or $3.69 per diluted common share, compared with $8.0 billion, or $5.10 per diluted common share, in 2021. Return on average assets and return on average common equity were 0.98 percent and 12.6 percent, respectively, in 2022, compared with 1.43 percent and 16.0 percent, respectively, in 2021. The results for 2022 included the impact of the 2022 acquisition of MUB. The transaction closed on December 1, 2022 and results reflect one month of operating results of MUB including $255 million of net interest income, $47 million of fee income and $221 million of noninterest expense. In addition, the results for 2022 included the impact of certain actions directly related to the acquisition, including $399 million of losses primarily related to interest rate economic hedges, entered into after regulatory approval for the acquisition was obtained, to manage the impact of interest rate volatility on capital prior to closing the transaction, $329 million of merger and integration charges, and $791 million of provision for credit losses related to acquired loans and balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 in connection with the acquisition. Combined, these items decreased 2022 diluted earnings per common share by $0.76.

Total net revenue for 2022 was $1.5 billion (6.5 percent) higher than 2021, reflecting a 17.9 percent increase in net interest income (17.8 percent on a taxable-equivalent basis) and a 7.5 percent decrease in noninterest income. The increase in net interest income from the prior year was due to the impact of rising rates on earning assets and strong growth in average loan and investment securities balances, partially offset by deposit pricing and changes in funding mix. The reduction in noninterest income reflected lower mortgage banking revenue due to a decline in refinancing activities, and lower other noninterest income driven by the impact of interest rate economic hedges related to the MUB acquisition, partially offset by higher trust and investment management fees and payment services revenue.

Noninterest expense in 2022 was $1.2 billion (8.6 percent) higher than 2021, reflecting operating expenses and merger and integration charges related to the MUB acquisition, as well as increases in legacy compensation and employee benefits expense, marketing and business development expense and other noninterest expense.

Results for 2021 Compared With 2020 For discussion related to changes in financial condition and results of operations for 2021 compared with 2020, refer to “Management’s Discussion and Analysis” in the Company’s Annual Report for the year ended December 31, 2021, included as Exhibit 13 to the Company’s Form 10-K filed with the Securities and Exchange Commission on February 22, 2022.

Statement of Income Analysis

Net Interest Income Net interest income, on a taxable-equivalent basis, was $14.8 billion in 2022, compared with $12.6 billion in 2021. The $2.2 billion (17.8 percent) increase in net interest income, on a taxable-equivalent basis, in 2022 compared with 2021, was primarily due to the impact of rising interest rates on earning assets, strong growth in loan and investment securities balances and the impact of loans and investment securities acquired related to MUB partially offset by deposit pricing and changes in funding mix. Average earning assets were $39.2 billion (7.7 percent) higher in 2022, compared with 2021, reflecting increases in loans and investment securities, partially offset by a decrease in interest-bearing deposits with banks. The net interest margin, on a taxable-equivalent basis, in 2022 was 2.72 percent, compared with 2.49 percent in 2021. The increase in the net interest margin in 2022, compared with 2021, was due to the impact of higher rates on earning assets, partially offset by deposit pricing and short-term borrowing costs given the rise in short-term interest rates. Refer to the “Interest Rate Risk Management” section for further information on the sensitivity of the Company’s net interest income to changes in interest rates.

Average total loans were $333.6 billion in 2022, compared with $297.0 billion in 2021. The $36.6 billion (12.3 percent) increase was due to growth in all loan classes, including a $4.6 billion impact related to the MUB acquisition. Average commercial loans increased $20.9 billion (20.4 percent), primarily due to higher utilization driven by working capital needs of corporate customers, slower payoffs given higher volatility in the capital markets, as well as core growth. Average residential mortgages increased $10.1 billion (13.6 percent) driven by slower refinance activity, along with the impact related to the MUB acquisition. Average commercial real estate loans increased $2.3 billion (6.0 percent), primarily the result of reduced payoff activity and MUB balances. Average credit card loans increased $1.8 billion (8.5 percent) primarily due to increased consumer spending, account growth and lower payment rates. Average other retail loans increased $1.4 billion (2.4 percent), driven by higher auto and recreational vehicle loans, partially offset by lower retail leasing balances.

TABLE 2 Analysis of Net Interest Income[a]

Year Ended December 31 (Dollars in Millions)	2022	2021	2020	2022 v 2021	2021 v 2020
Components of Net Interest Income					
Income on earning assets (taxable-equivalent basis)	$ 18,066	$ 13,593	$ 14,942	$ 4,473	$ (1,349)
Expense on interest-bearing liabilities (taxable-equivalent basis)	3,220	993	2,018	2,227	(1,025)
Net interest income (taxable-equivalent basis)[b]	$ 14,846	$ 12,600	$ 12,924	$ 2,246	$ (324)
Net interest income, as reported	$ 14,728	$ 12,494	$ 12,825	$ 2,234	$ (331)
Average Yields and Rates Paid					
Earning assets yield (taxable-equivalent basis)	3.31%	2.69%	3.10%	.62%	(.41)%
Rate paid on interest-bearing liabilities (taxable-equivalent basis)	.80	.28	.56	.52	(.28)
Gross interest margin (taxable-equivalent basis)	2.51%	2.41%	2.54%	.10%	(.13)%
Net interest margin (taxable-equivalent basis)	2.72%	2.49%	2.68%	.23%	(.19)%
Average Balances					
Investment securities[c]	$169,442	$154,702	$125,954	$14,740	$ 28,748
Loans	333,573	296,965	307,269	36,608	(10,304)
Earning assets	545,343	506,141	481,402	39,202	24,739
Noninterest-bearing deposits	120,394	127,204	98,539	(6,810)	28,665
Interest-bearing deposits	341,990	307,077	300,076	34,913	7,001
Total deposits	462,384	434,281	398,615	28,103	35,666
Interest-bearing liabilities	400,844	358,533	363,298	42,311	(4,765)

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) See Non-GAAP Financial Measures beginning on page 59.

(c) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Average investment securities in 2022 were $14.7 billion (9.5 percent) higher than in 2021, primarily due to purchases of mortgage-backed and U.S. Treasury securities, net of prepayments, sales and maturities in the legacy portfolio, along with the $1.2 billion impact of the MUB acquisition.

Average total deposits for 2022 were $28.1 billion (6.5 percent) higher than 2021, including the $7.2 billion impact of the MUB acquisition. Average total savings deposits were $28.8 billion (10.2 percent) higher in 2022, compared with 2021, driven by increases in Corporate and Commercial Banking, and Consumer and Business Banking balances, partially offset by decreases in Wealth Management and Investment Services balances. Average time deposits for 2022 were $6.1 billion (24.8 percent) higher than 2021, primarily driven by increases in Corporate and Commercial Banking balances, partially offset by decreases in Consumer and Business Banking balances. Changes in time deposits are primarily related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics. Average noninterest-bearing deposits were $6.8 billion (5.4 percent) lower in 2022, compared with 2021, driven by decreases in Corporate and Commercial Banking, and Payment Services balances.

TABLE 3 Net Interest Income — Changes Due to Rate and Volume[a]

Year Ended December 31 (Dollars in Millions)	2022 v 2021 Volume	2022 v 2021 Yield/Rate	2022 v 2021 Total	2021 v 2020 Volume	2021 v 2020 Yield/Rate	2021 v 2020 Total
Increase (decrease) in						
Interest Income						
Investment securities	$ 231	$ 792	$1,023	$ 569	$ (623)	$ (54)
Loans held for sale	(121)	90	(31)	32	(16)	16
Loans						
Commercial	547	1,109	1,656	(311)	(197)	(508)
Commercial real estate	73	363	436	(63)	(175)	(238)
Residential mortgages	336	(38)	298	35	(224)	(189)
Credit card	193	112	305	(74)	(40)	(114)
Other retail	50	116	166	95	(321)	(226)
Total loans	1,199	1,662	2,861	(318)	(957)	(1,275)
Interest-bearing deposits with banks	(8)	525	517	9	(27)	(18)
Other earning assets	8	95	103	(3)	(15)	(18)
Total earning assets	1,309	3,164	4,473	289	(1,638)	(1,349)
Interest Expense						
Interest-bearing deposits						
Interest checking	3	250	253	15	(56)	(41)
Money market savings	16	1,005	1,021	(37)	(292)	(329)
Savings accounts	1	2	3	9	(48)	(39)
Time deposits	23	252	275	(110)	(111)	(221)
Total interest-bearing deposits	43	1,509	1,552	(123)	(507)	(630)
Short-term borrowings	52	446	498	(33)	(41)	(74)
Long-term debt	(59)	236	177	(155)	(166)	(321)
Total interest-bearing liabilities	36	2,191	2,227	(311)	(714)	(1,025)
Increase (decrease) in net interest income	$1,273	$ 973	$2,246	$ 600	$ (924)	$ (324)

(a) This table shows the components of the change in net interest income by volume and rate on a taxable-equivalent basis based on a federal income tax rate of 21 percent. This table does not take into account the level of noninterest-bearing funding, nor does it fully reflect changes in the mix of assets and liabilities. The change in interest not solely due to changes in volume or rates has been allocated on a pro-rata basis to volume and yield/rate.

Provision for Credit Losses The provision for credit losses reflects changes in economic conditions and the size and credit quality of the entire portfolio of loans. The Company maintains an allowance for credit losses considered appropriate by management for expected losses, based on factors discussed in the "Analysis and Determination of Allowance for Credit Losses" section.

The provision for credit losses was $2.0 billion in 2022, compared with a benefit of $1.2 billion in 2021. The change was driven by the Company recognizing a provision for credit losses of $662 million during 2022 related to the acquisition of MUB and a $129 million provision impact of balance sheet repositioning and capital management actions taken in the fourth quarter of 2022, along with the impact of strong loan growth in the legacy portfolio and increasing economic uncertainty. The benefit recognized in 2021 reflected the enactment of government stimulus programs and economic recovery from the pandemic in the United States, which resulted in decreases in the allowance for credit losses. Net charge-offs increased $381 billion (55.9 percent) in 2022, compared with 2021, reflecting $179 million of uncollectible MUB acquired loans, of which the majority of this balance related to loans that were previously charged-off by MUB, along with $189 million of net charge-offs related to balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 in connection with the acquisition.

Refer to "Corporate Risk Profile" for further information on the provision for credit losses, net charge-offs, nonperforming assets and other factors considered by the Company in assessing the credit quality of the loan portfolio and establishing the allowance for credit losses.

TABLE 4 Noninterest Income

Year Ended December 31 (Dollars in Millions)	2022	2021	2020	2022 v 2021	2021 v 2020
Card revenue	$1,512	$ 1,507	$ 1,338	.3%	12.6%
Corporate payment products revenue	698	575	497	21.4	15.7
Merchant processing services	1,579	1,449	1,261	9.0	14.9
Trust and investment management fees	2,209	1,832	1,736	20.6	5.5
Service charges	1,298	1,338	1,245	(3.0)	7.5
Commercial products revenue	1,105	1,102	1,143	.3	(3.6)
Mortgage banking revenue	527	1,361	2,064	(61.3)	(34.1)
Investment products fees	235	239	192	(1.7)	24.5
Securities gains (losses), net	20	103	177	(80.6)	(41.8)
Other	273	721	748	(62.1)	(3.6)
Total noninterest income	$9,456[a]	$10,227	$10,401	(7.5)%	(1.7)%

[a] *Includes $399 million of losses primarily related to interest rate economic hedges, entered into after regulatory approval for the MUB acquisition was obtained, to manage the impact of interest rate volatility on capital prior to closing the transaction.*

Noninterest Income Noninterest income in 2022 was $9.5 billion, compared with $10.2 billion in 2021. The $771 million (7.5 percent) decrease in 2022 from 2021 reflected lower mortgage banking revenue, lower other noninterest income, lower service charges and lower gains on the sale of securities, partially offset by higher trust and investment management fees and payment services revenue. Mortgage banking revenue decreased 61.3 percent in 2022, compared with 2021, reflecting lower application volume, given declining refinancing activities experienced in the mortgage industry, lower related gain on sale margins and lower performing loan sales, partially offset by increases in mortgage servicing rights ("MSRs") valuations, net of hedging activities. Other noninterest income decreased 62.1 percent in 2022, compared with 2021, primarily due to the impact of interest rate economic hedges, entered into after regulatory approval of the MUB acquisition was obtained, to manage the impact of interest rate volatility on capital prior to closing the transaction in December, as well as lower retail leasing end-of-term residual gains. Service charges decreased 3.0 percent primarily due to the impact of the elimination of certain consumer overdraft fees in 2022. Trust and investment management fees increased 20.6 percent primarily due to lower money market fee waivers, activity related to the fourth quarter of 2021 acquisition of PFM Asset Management LLC ("PFM") and core business growth, partially offset by unfavorable market conditions. Payment services revenue increased in 2022, compared with 2021, driven by a 21.4 percent increase in corporate payment products revenue and a 9.0 percent increase in merchant processing services revenue. Corporate payment products revenue increased due to improving business spending across all product groups, while merchant processing services revenue increased driven by higher sales volume and merchant fees. The increase in merchant processing services revenue was partially offset by the impact of foreign currency rate changes, as the U.S. dollar has strengthened considerably compared to European currencies given recent uncertainties in Europe.

TABLE 5 Noninterest Expense

Year Ended December 31 (Dollars in Millions)	2022	2021	2020	2022 v 2021	2021 v 2020
Compensation and employee benefits	$ 9,157	$ 8,728	$ 7,938	4.9%	10.0%
Net occupancy and equipment	1,096	1,048	1,092	4.6	(4.0)
Professional services	529	492	430	7.5	14.4
Marketing and business development	456	366	318	24.6	15.1
Technology and communications	1,726	1,728	1,582	(.1)	9.2
Other intangibles	215	159	176	35.2	(9.7)
Other	1,398	1,207	1,833	15.8	(34.2)
Total before merger and integration charges	14,577	13,728	13,369	6.2	2.7
Merger and integration charges	329	—	—	*	—
Total noninterest expense	$14,906	$13,728	$13,369	8.6%	2.7%
Efficiency ratio[a]	61.4%	60.4%	57.8%		

* *Not meaningful*

(a) *See Non-GAAP Financial Measures beginning on page 59.*

Noninterest Expense Noninterest expense in 2022 was $14.9 billion, compared with $13.7 billion in 2021. The Company's efficiency ratio was 61.4 percent in 2022, compared with 60.4 percent in 2021. The $1.2 billion (8.6 percent) increase in noninterest expense in 2022 over 2021 was driven by higher compensation and employee benefits expense, marketing and business development expense, net occupancy and equipment expense and other noninterest expense. The increase in noninterest expense included the impact of the MUB acquisition, including $329 million of merger and integration-related charges and $42 million of intangible amortization primarily related to core deposit intangibles. Compensation and employee benefits expense increased 4.9 percent in 2022 over 2021, primarily due to MUB expense as well as merit increases and hiring to support business growth and higher post-pandemic medical expenses, partially offset by lower performance-based incentives and variable compensation. Marketing and business development expense increased 24.6 percent due to the timing of marketing campaigns as well as increased travel and entertainment. Net occupancy and equipment expense increased 4.6 percent to support business growth. Other noninterest expense increased 15.8 percent due to accruals related to future delivery exposures for merchant and airline processing as processing volumes recover, higher Federal Deposit Insurance Company ("FDIC") insurance expense driven by an increase in the assessment base and rate, and higher other accruals, partially offset by lower costs related to tax-advantaged projects and lower other expenses related to the decline in mortgage production.

Income Tax Expense The provision for income taxes was $1.5 billion (an effective rate of 20.0 percent) in 2022, compared with $2.2 billion (an effective rate of 21.5 percent) in 2021.

For further information on income taxes, refer to Note 19 of the Notes to Consolidated Financial Statements.

Balance Sheet Analysis

Average earning assets were $545.3 billion in 2022, compared with $506.1 billion in 2021. The increase in average earning assets of $39.2 billion (7.7 percent), including the $6.5 billion (1.3 percent) impact of the MUB acquisition, was primarily due to increases in loans of $36.6 billion (12.3 percent) and investment securities of $14.7 billion (9.5 percent), partially offset by a decrease in interest-bearing deposits with banks of $8.5 billion (21.3 percent).

For average balance information, refer to Consolidated Daily Average Balance Sheet and Related Yields and Rates on page 138.

Loans The Company's loan portfolio was $388.2 billion at December 31, 2022, compared with $312.0 billion at December 31, 2021, an increase of $76.2 billion (24.4 percent), which includes $53.1 billion of loans acquired from MUB. The increase was driven by increases in residential mortgages of $39.4 billion (51.4 percent), commercial loans of $23.7 billion (21.1 percent), commercial real estate loans of $16.4 billion (42.1 percent), credit card loans of $3.8 billion (16.9 percent), partially offset by a decrease in other retail loans of $7.1 billion (11.4 percent). Table 6 provides a summary of the loan distribution by product type, while Table 7 provides a summary of the selected loan maturity distribution by loan category. Average total loans increased $36.6 billion (12.3 percent) in 2022, compared with 2021. The increase was primarily driven by higher commercial loans and residential mortgages.

TABLE 6 Loan Portfolio Distribution

At December 31 (Dollars in Millions)	2022 Amount	2022 Percent of Total	2021 Amount	2021 Percent of Total
Commercial				
Commercial	$131,128	33.8%	$106,912	34.3%
Lease financing	4,562	1.2	5,111	1.6
Total commercial	135,690	35.0	112,023	35.9
Commercial Real Estate				
Commercial mortgages	43,765	11.3	28,757	9.2
Construction and development	11,722	3.0	10,296	3.3
Total commercial real estate	55,487	14.3	39,053	12.5
Residential Mortgages				
Residential mortgages	107,858	27.8	67,546	21.6
Home equity loans, first liens	7,987	2.0	8,947	2.9
Total residential mortgages	115,845	29.8	76,493	24.5
Credit Card	26,295	6.8	22,500	7.2
Other Retail				
Retail leasing	5,519	1.4	7,256	2.3
Home equity and second mortgages	12,863	3.3	10,446	3.4
Revolving credit	3,983	1.0	2,750	.9
Installment	14,592	3.8	16,641	5.3
Automobile	17,939	4.6	24,866	8.0
Total other retail	54,896	14.1	61,959	19.9
Total loans	$388,213	100.0%	$312,028	100.0%

TABLE 7 Selected Loan Maturity Distribution

At December 31, 2022 (Dollars in Millions)	One Year or Less	Over One Through Five Years	Over Five Through Fifteen Years	Over Fifteen Years	Total
Commercial	$29,430	$ 96,841	$ 9,158	$ 261	$135,690
Commercial real estate	12,181	27,081	8,136	8,089[(a)]	55,487
Residential mortgages	3,303	5,042	21,350	86,150	115,845
Credit card	26,295	—	—	—	26,295
Other retail	3,428	17,759	18,643	15,066	54,896
Total loans	$74,637	$146,723	$57,287	$109,566	$388,213

Total of loans due after one year with:

	Predetermined Interest Rates	Floating Interest Rates
Commercial	$ 14,892	$ 91,368
Commercial real estate	14,761	28,545
Residential mortgages	64,306	48,236
Credit card	—	—
Other retail	38,959	12,509
Total	$132,918	$180,658

(a) Primarily represents construction loans for single-family residences or loans guaranteed by the Small Business Administration.

TABLE 8 Commercial Loans by Industry Group and Geography

At December 31 (Dollars in Millions)	2022 Loans	2022 Percent	2021 Loans	2021 Percent
Industry Group				
Real-estate related	$ 19,539	14.4%	$ 16,646	14.9%
Financial institutions	17,381	12.8	14,002	12.5
Personal, professional and commercial services	10,106	7.5	7,095	6.3
Healthcare	8,536	6.3	6,923	6.2
Automotive	7,154	5.3	7,590	6.8
Media and entertainment	5,867	4.3	4,623	4.1
Food and beverage	5,574	4.1	4,097	3.6
Technology	5,425	4.0	5,119	4.6
Capital goods	5,332	3.9	4,099	3.6
Retail	5,128	3.8	4,717	4.2
Transportation	4,988	3.7	3,895	3.5
Power	4,945	3.6	3,028	2.7
Energy	3,811	2.8	2,299	2.1
Metals and mining	3,700	2.7	3,342	3.0
Education and non-profit	3,609	2.7	3,721	3.3
Building materials	3,293	2.4	2,687	2.4
State and municipal government	3,240	2.4	3,166	2.8
Agriculture	1,909	1.4	1,796	1.6
Other	16,153	11.9	13,178	11.8
Total	$135,690	100.0%	$112,023	100.0%
Geography				
California	$ 23,736	17.5%	$ 15,439	13.8%
Texas	10,244	7.6	6,748	6.0
New York	8,989	6.6	7,483	6.7
Illinois	7,626	5.6	6,572	5.9
Minnesota	6,707	5.0	6,730	6.0
Ohio	4,497	3.3	4,310	3.8
Wisconsin	4,112	3.0	3,894	3.5
Florida	3,777	2.8	3,790	3.4
Washington	3,721	2.7	2,936	2.6
Colorado	3,613	2.7	3,791	3.4
All other states	58,668	43.2	50,330	44.9
Total	$135,690	100.0%	$112,023	100.0%

Commercial Commercial loans, including lease financing, increased $23.7 billion (21.1 percent) at December 31, 2022, compared with December 31, 2021, due to higher utilization driven by working capital needs of corporate customers, slower payoffs given higher volatility in the capital markets, core growth and the impact of the MUB acquisition. Average commercial loans increased $20.9 billion (20.4 percent) in 2022, compared with 2021. Table 8 provides a summary of commercial loans by industry and geographical location.

TABLE 9 Commercial Real Estate Loans by Property Type and Geography

At December 31 (Dollars in Millions)	2022 Loans	2022 Percent	2021 Loans	2021 Percent
Property Type				
Multi-family	$16,722	30.1%	$ 9,293	23.8%
Business owner occupied	11,487	20.7	8,238	21.1
Office	7,239	13.1	5,814	14.9
Industrial	5,258	9.5	3,672	9.4
Residential land and development	4,454	8.0	2,788	7.1
Retail	4,011	7.2	3,382	8.7
Lodging	1,932	3.5	2,422	6.2
Other	4,384	7.9	3,444	8.8
Total	$55,487	100.0%	$39,053	100.0%
Geography				
California	$22,250	40.1%	$ 9,683	24.8%
Washington	4,235	7.6	3,680	9.4
New York	2,547	4.6	859	2.2
Texas	2,337	4.2	1,662	4.3
Illinois	1,830	3.3	1,409	3.6
Colorado	1,648	3.0	1,684	4.3
Oregon	1,622	2.9	1,526	3.9
Minnesota	1,470	2.7	1,717	4.4
Florida	1,276	2.3	1,520	3.9
Ohio	1,247	2.2	1,215	3.1
All other states	15,025	27.1	14,098	36.1
Total	$55,487	100.0%	$39,053	100.0%

Commercial Real Estate The Company's portfolio of commercial real estate loans, which includes commercial mortgages and construction and development loans, increased $16.4 billion (42.1 percent) at December 31, 2022, compared with December 31, 2021. The increase was primarily due to the impact of the MUB acquisition. Average commercial real estate loans increased $2.3 billion (6.0 percent) in 2022, compared with 2021. Table 9 provides a summary of commercial real estate loans by property type and geographical location.

The Company's commercial mortgage and construction and development loans had unfunded commitments of $13.8 billion and $11.8 billion at December 31, 2022 and 2021, respectively.

The Company also finances the operations of real estate developers and other entities with operations related to real estate. These loans are not secured directly by real estate but have similar characteristics to commercial real estate loans. These loans were included in the commercial loan category and totaled $19.5 billion and $16.6 billion at December 31, 2022 and 2021, respectively.

TABLE 10 Residential Mortgages by Geography

At December 31 (Dollars in Millions)	2022 Loans	2022 Percent	2021 Loans	2021 Percent
California	$ 53,967	46.7%	$23,568	30.8%
Washington	6,343	5.5	4,002	5.2
Colorado	4,192	3.6	3,612	4.7
Florida	3,946	3.4	3,340	4.4
Minnesota	3,692	3.2	3,767	4.9
Illinois	3,592	3.1	3,392	4.4
Arizona	3,178	2.7	2,684	3.5
Texas	2,801	2.4	2,209	2.9
Oregon	2,701	2.3	2,332	3.1
Massachusetts	2,536	2.2	1,995	2.6
All other states	28,897	24.9	25,592	33.5
Total	$115,845	100.0%	$76,493	100.0%

Residential Mortgages Residential mortgages held in the loan portfolio at December 31, 2022, increased $39.4 billion (51.4 percent) compared to December 31, 2021, due to $26.4 billion of acquired MUB residential mortgages, as well as stronger on-balance sheet loan activities and slower refinance activity. Average residential mortgages increased $10.1 billion (13.6 percent) in 2022, compared with 2021. Residential mortgages originated and placed in the Company's loan portfolio include well-secured jumbo mortgages and branch-originated first lien home equity loans to borrowers with high credit quality.

Credit Card Total credit card loans increased $3.8 billion (16.9 percent) at December 31, 2022, compared with December 31, 2021, primarily driven by higher spend volumes, account growth and lower payment rates. Average credit card balances increased $1.8 billion (8.5 percent) in 2022, compared with 2021.

Other Retail Total other retail loans, which include retail leasing, home equity and second mortgages and other retail loans, decreased $7.1 billion (11.4 percent) at December 31, 2022, compared with December 31, 2021, reflecting decreases in auto loans, installment loans and retail leasing balances, partially offset by increases in home equity loans and revolving credit balances. The decrease in auto loans was primarily driven by the sale of approximately $4 billion of indirect auto loans as part of balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 in connection with the acquisition of MUB. Average other retail loans increased $1.4 billion (2.4 percent) in 2022, compared with 2021. Tables 10, 11 and 12 provide a geographic summary of residential mortgages, credit card loans and other retail loans outstanding, respectively, as of December 31, 2022 and 2021.

TABLE 11 Credit Card Loans by Geography

At December 31 (Dollars in Millions)	2022 Loans	2022 Percent	2021 Loans	2021 Percent
California	$ 2,609	9.9%	$ 2,134	9.5%
Texas	1,584	6.0	1,343	6.0
Illinois	1,330	5.1	1,108	4.9
Ohio	1,320	5.0	1,113	4.9
Minnesota	1,257	4.8	1,109	4.9
Florida	1,252	4.8	1,046	4.6
Wisconsin	1,029	3.9	895	4.0
Michigan	925	3.5	822	3.7
Colorado	862	3.3	761	3.4
Missouri	850	3.2	704	3.1
All other states	13,277	50.5	11,465	51.0
Total	$26,295	100.0%	$22,500	100.0%

TABLE 12 Other Retail Loans by Geography

At December 31 (Dollars in Millions)	2022 Loans	2022 Percent	2021 Loans	2021 Percent
California	$11,098	20.2%	$ 9,605	15.5%
Texas	5,149	9.4	7,570	12.2
Florida	3,449	6.3	3,850	6.2
Minnesota	2,527	4.6	2,947	4.8
Illinois	2,180	4.0	2,692	4.3
Ohio	2,083	3.8	2,634	4.2
Washington	1,999	3.6	1,913	3.1
New York	1,878	3.4	2,014	3.3
Colorado	1,673	3.0	1,859	3.0
Oregon	1,414	2.6	1,451	2.3
All other states	21,446	39.1	25,424	41.1
Total	$54,896	100.0%	$61,959	100.0%

The Company generally retains portfolio loans through maturity; however, the Company's intent may change over time based upon various factors such as ongoing asset/liability management activities, assessment of product profitability, credit risk, liquidity needs, and capital implications. If the Company's intent or ability to hold an existing portfolio loan changes, it is transferred to loans held for sale.

Loans Held for Sale Loans held for sale, consisting primarily of residential mortgages to be sold in the secondary market, were $2.2 billion at December 31, 2022, compared with $7.8 billion at December 31, 2021. The decrease in loans held for sale was principally due to a lower level of mortgage loan closings in late 2022, compared with the same period of 2021. Almost all of the residential mortgage loans the Company originates or purchases for sale follow guidelines that allow the loans to be sold into existing, highly liquid secondary markets, in particular in government agency transactions and to government sponsored enterprises ("GSEs").

TABLE 13 Investment Securities

At December 31 (Dollars in Millions)	2022 Amortized Cost	2022 Fair Value	2022 Weighted-Average Maturity in Years	2022 Weighted-Average Yield[d]	2021 Amortized Cost	2021 Fair Value	2021 Weighted-Average Maturity in Years	2021 Weighted-Average Yield[d]
Held-to-maturity								
U.S. Treasury and agencies	$ 1,344	$ 1,293	3.3	2.85%	$ —	$ —	—	—%
Mortgage-backed securities[a]	87,396	76,581	9.3	2.17	41,858	41,812	7.4	1.45
Total held-to-maturity	$88,740	$77,874	9.2	2.18%	$ 41,858	$ 41,812	7.4	1.45%
Available-for-sale								
U.S. Treasury and agencies	$24,801	$22,033	7.1	2.43%	$ 36,648	$ 36,609	6.7	1.54%
Mortgage-backed securities[a]	40,803	36,423	6.6	2.83	85,394	85,564	4.9	1.58
Asset-backed securities[a]	4,356	4,323	1.3	4.59	62	66	5.2	1.53
Obligations of state and political subdivisions[b][c]	11,484	10,125	13.6	3.76	10,130	10,717	6.6	3.67
Other	6	6	.1	1.99	7	7	3.4	2.07
Total available-for-sale	$81,450	$72,910	7.4	2.94%	$132,241	$132,963	5.5	1.73%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.

(b) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.

(c) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.

(d) Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent. Yields on investment securities are computed based on amortized cost balances, excluding any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Investment Securities The Company uses its investment securities portfolio to manage interest rate risk, provide liquidity (including the ability to meet regulatory requirements), generate interest and dividend income, and as collateral for public deposits and wholesale funding sources. While the Company intends to hold its investment securities indefinitely, it may sell available-for-sale investment securities in response to structural changes in the balance sheet and related interest rate risk and to meet liquidity requirements, among other factors.

Investment securities totaled $161.7 billion at December 31, 2022, compared with $174.8 billion at December 31, 2021. The $13.2 billion (7.5 percent) decrease was primarily due to $25.4 billion of net investment sales, including the sale of certain investment securities acquired as part of the MUB acquisition, and a $13.3 billion unfavorable change in net unrealized gains (losses) on available-for-sale investment securities, partially offset by $22.7 billion of acquired investment securities and $3.4 billion of senior notes the Company received as part of the sale of approximately $4 billion of indirect auto loans to third-party securitization vehicles during 2022. During 2022, the Company transferred $45.1 billion amortized cost ($40.7 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities. Average investment securities were $169.4 billion in 2022, compared with $154.7 billion in 2021. Investment securities by type are shown in Table 13.

The Company's available-for-sale investment securities are carried at fair value with changes in fair value reflected in other comprehensive income (loss) unless a portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. At December 31, 2022, the Company's net unrealized losses on available-for-sale investment securities were $8.5 billion, compared with net unrealized gains of $722 million at December 31, 2021. The unfavorable change in net unrealized gains (losses) was primarily due to decreases in the fair value of mortgage-backed, U.S. Treasury and state and political securities as a result of changes in interest rates, partially offset by the impact of the transfer of available-for-sale investment securities to the held-to-maturity category. Gross unrealized losses on available-for-sale investment securities totaled $8.6 billion at December 31, 2022, compared with $812 million at December 31, 2021. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of the underlying collateral, the existence of any government or agency guarantees, and market conditions. At December 31, 2022, the Company had no plans to sell securities with unrealized losses, and believes it is more likely than not that it would not be required to sell such securities before recovery of their amortized cost.

Refer to Notes 5 and 22 in the Notes to Consolidated Financial Statements for further information on investment securities.

Deposits Total deposits were $525.0 billion at December 31, 2022, including $82.0 billion of deposits related to the MUB acquisition, compared with $456.1 billion at December 31, 2021. The $68.9 billion (15.1 percent) increase in total deposits reflected increases in total savings deposits, time deposits and noninterest-bearing deposits. Average total deposits in 2022 increased $28.1 billion (6.5 percent) over 2021.

Interest-bearing savings deposits increased $55.8 billion (18.7 percent) at December 31, 2022, compared with December 31, 2021. The increase was related to higher money market, interest checking and savings account deposit balances, including those balances related to the MUB acquisition. Money market deposit balances increased $30.4 billion (25.8 percent), primarily due to higher Wealth Management and Investment Services, Corporate and Commercial Banking, and Consumer and Business Banking balances. Interest checking balances increased $19.4 billion (16.8 percent) primarily due to higher Corporate and Commercial Banking, and Consumer and Business Banking balances. Savings account balances increased $6.0 billion (9.1 percent), driven by higher Consumer and Business Banking balances, partially offset by lower Wealth Management and Investment Services balances. Average interest-bearing savings deposits increased $28.8 billion (10.2 percent) in 2022, compared with 2021, reflecting higher Corporate and Commercial Banking, and Consumer and Business Banking balances, partially offset by lower Wealth Management and Investment Services balances.

Interest-bearing time deposits at December 31, 2022, increased $10.3 billion (45.4 percent), compared with December 31, 2021. Average time deposits increased $6.1 billion (24.8 percent) in 2022, compared with 2021. Changes in time deposits are primarily related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

Noninterest-bearing deposits at December 31, 2022, increased $2.8 billion (2.1 percent) from December 31, 2021. The increase was driven by higher Consumer and Business Banking balances, primarily related to the MUB acquisition, partially offset by lower Wealth Management and Investment Services, and Corporate and Commercial Banking balances. Average noninterest-bearing deposits decreased $6.8 billion (5.4 percent) in 2022, compared with 2021.

TABLE 14 Deposits

The composition of deposits was as follows:

At December 31 (Dollars in Millions)	2022 Amount	2022 Percent of Total	2021 Amount	2021 Percent of Total
Noninterest-bearing deposits	$137,743	26.2%	$134,901	29.6%
Interest-bearing deposits				
Interest checking	134,491	25.6	115,108	25.2
Money market savings	148,014	28.2	117,619	25.8
Savings accounts	71,782	13.7	65,790	14.4
Total savings deposits	354,287	67.5	298,517	65.4
Domestic time deposits less than $250,000	16,329	3.1	11,303	2.5
Domestic time deposits greater than $250,000	11,999	2.3	2,743	.6
Foreign time deposits	4,618	.9	8,619	1.9
Total interest-bearing deposits	387,233	73.8	321,182	70.4
Total deposits[a]	$524,976	100.0%	$456,083	100.0%

(a) Includes $289.3 billion and $238.0 billion of deposits at December 31, 2022 and 2021, respectively, that are not subject to any federal, state or foreign deposit insurance program.

The maturity of domestic time deposits in excess of the insurance limit and those time deposits not subject to any federal, state or foreign deposit insurance program at December 31, 2022 was as follows:

(Dollars in Millions)	Domestic Time Deposits Greater Than $250,000	Foreign Time Deposits	Total
Three months or less	$ 5,805	$4,618	$10,423
Three months through six months	2,448	—	2,448
Six months through one year	1,967	—	1,967
Thereafter	1,779	—	1,779
Total	$11,999	$4,618	$16,617

Borrowings The Company utilizes both short-term and long-term borrowings as part of its asset/liability management and funding strategies. Short-term borrowings, which include federal funds purchased, commercial paper, repurchase agreements, borrowings secured by high-grade assets and other short-term borrowings, were $31.2 billion at December 31, 2022, compared with $11.8 billion at December 31, 2021. The $19.4 billion increase in short-term borrowings at December 31, 2022, compared with December 31, 2021, reflected higher short-term Federal Home Loan Bank ("FHLB") advances and commercial paper balances, including assumed short-term borrowing balances as a result of the MUB acquisition.

Long-term debt was $39.8 billion at December 31, 2022, compared with $32.1 billion at December 31, 2021. The $7.7 billion (24.0 percent) increase was primarily due to $6.9 billion of medium-term note and $1.3 billion of subordinated note issuances, along with a $1.6 billion increase in FHLB advances including those balances assumed as a result of the MUB acquisition. In addition, long-term debt increased as a result of the $3.5 billion obligation to repay Mitsubishi UFJ Financial Group, Inc., which was incurred as part of the acquisition. These increases were partially offset by $3.2 billion of bank note repayments and maturities, $1.3 billion of subordinated note repayments and $1.0 billion of medium-term note repayments.

Refer to Notes 13 and 14 of the Notes to Consolidated Financial Statements for additional information regarding short-term borrowings and long-term debt, and the "Liquidity Risk Management" section for discussion of liquidity management of the Company.

Corporate Risk Profile

Overview Managing risks is an essential part of successfully operating a financial services company. The Company's Board of Directors has approved a risk management framework which establishes governance and risk management requirements for all risk-taking activities. This framework includes Company and business line risk appetite statements which set boundaries for the types and amount of risk that may be undertaken in pursuing business objectives and initiatives. The Board of Directors, primarily through its Risk Management Committee, oversees performance relative to the risk management framework, risk appetite statements, and other policy requirements.

The Executive Risk Committee ("ERC"), which is chaired by the Chief Risk Officer and includes the Chief Executive Officer and other members of the executive management team, oversees execution against the risk management framework and risk appetite statements. The ERC focuses on current and emerging risks, including strategic and reputation risks, by directing timely and comprehensive actions. Senior operating committees have also been established, each responsible for overseeing a specified category of risk.

Upon closing of the MUB acquisition, the Company's risk management framework applies to the legal entities acquired from Mitsubishi UFJ Financial Group, Inc., including MUB. Prior to closing, the Company evaluated the frameworks, policies and procedures of the acquired entities as necessary. Updates were made to align the acquired entities with the Company's risk

appetite and connect the elements of their respective risk governance and reporting into the Company's existing risk management framework. Connecting the existing MUB risk governance and reporting framework into the Company's existing risk management framework allows separate risk profiles, governance, and reporting for the Company and the acquired entities, during the period from acquisition through bank merger, while also providing the ability to consolidate reporting for the Company. Upon completing the merger of MUB into USBNA, which is expected to occur in connection with the conversion of MUB customers and systems to the USBNA platform over Memorial Day weekend in 2023, the MUB risk governance and reporting framework will no longer be applicable.

The Company's most prominent risk exposures are credit, interest rate, market, liquidity, operational, compliance, strategic, and reputation. Credit risk is the risk of loss associated with a change in the credit profile or the failure of a borrower or counterparty to meet its contractual obligations. Interest rate risk is the current or prospective risk to earnings and capital, or market valuations, arising from the impact of changes in interest rates. Market risk arises from fluctuations in interest rates, foreign exchange rates, and security prices that may result in changes in the values of financial instruments, such as trading and available-for-sale securities, mortgage loans held for sale ("MLHFS"), MSRs and derivatives that are accounted for on a fair value basis. Liquidity risk is the risk that financial condition or overall safety and soundness is adversely affected by the Company's inability, or perceived inability, to meet its cash flow obligations in a timely and complete manner in either normal or stressed conditions. Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, people (including human errors or misconduct), or adverse external events, including the risk of loss resulting from breaches in data security. Operational risk can also include the risk of loss due to failures by third parties with which the Company does business. Compliance risk is the risk that the Company may suffer legal or regulatory sanctions, financial losses, and reputational damage if it fails to adhere to compliance requirements and the Company's compliance policies. Strategic risk is the risk to current or projected financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and operating environment. Reputation risk is the risk to current or anticipated earnings, capital, or franchise or enterprise value arising from negative public opinion. This risk may impair the Company's competitiveness by affecting its ability to establish new relationships or services, or continue serving existing relationships. In addition to the risks identified above, other risk factors exist that may impact the Company. Refer to "Risk Factors" beginning on page 140, for a detailed discussion of these factors.

The Company's Board and management-level governance committees are supported by a "three lines of defense" model for establishing effective checks and balances. The first line of defense, the business lines, manages risks in conformity with established limits and policy requirements. In turn, business line leaders and their risk officers establish programs to ensure conformity with these limits and policy requirements. The second line of defense, which includes the Chief Risk Officer's organization as well as policy and oversight activities of corporate support functions, translates risk appetite and strategy into actionable risk limits and policies. The second line of defense monitors first line of defense conformity with limits and policies, and provides reporting and escalation of emerging risks and other concerns to senior management and the Risk Management Committee of the Board of Directors. The third line of defense, internal audit, is responsible for providing the Audit Committee of the Board of Directors and senior management with independent assessment and assurance regarding the effectiveness of the Company's governance, risk management and control processes.

Management regularly provides reports to the Risk Management Committee of the Board of Directors. The Risk Management Committee discusses with management the Company's risk management performance, and provides a summary of key risks to the entire Board of Directors, covering the status of existing matters, areas of potential future concern and specific information on certain types of loss events. The Risk Management Committee considers quarterly reports by management assessing the Company's performance relative to the risk appetite statements and the associated risk limits, including:

- Macroeconomic environment and other qualitative considerations, such as regulatory and compliance changes, litigation developments, geopolitical events, and technology and cybersecurity;
- Credit measures, including adversely rated and nonperforming loans, leveraged transactions, credit concentrations and lending limits;
- Interest rate and market risk, including market value and net income simulation, and trading-related Value at Risk ("VaR");
- Liquidity risk, including funding projections under various stressed scenarios;
- Operational and compliance risk, including losses stemming from events such as fraud, processing errors, control breaches, breaches in data security or adverse business decisions, as well as reporting on technology performance, and various legal and regulatory compliance measures;
- Capital ratios and projections, including regulatory measures and stressed scenarios; and
- Strategic and reputation risk considerations, impacts and responses.

Credit Risk Management The Company's strategy for credit risk management includes well-defined, centralized credit policies, uniform underwriting criteria, and ongoing risk monitoring and review processes for all commercial and consumer credit exposures. The strategy also emphasizes diversification on a

geographic, industry and customer level, regular credit examinations and management reviews of loans exhibiting deterioration of credit quality. The Risk Management Committee oversees the Company's credit risk management process.

In addition, credit quality ratings, as defined by the Company, are an important part of the Company's overall credit risk management and evaluation of its allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Loans with a special mention or classified rating, including consumer lending and small business loans that are 90 days or more past due and still accruing, nonaccrual loans, those loans considered troubled debt restructurings ("TDRs"), and loans in a junior lien position that are current but are behind a first lien position on nonaccrual, encompass all loans held by the Company that it considers to have a potential or well-defined weakness that may put full collection of contractual cash flows at risk. The Company's internal credit quality ratings for consumer loans are primarily based on delinquency and nonperforming status, except for a limited population of larger loans within those portfolios that are individually evaluated. For this limited population, the determination of the internal credit quality rating may also consider collateral value and customer cash flows. Refer to Notes 1 and 6 in the Notes to Consolidated Financial Statements for further discussion of the Company's loan portfolios including internal credit quality ratings.

The Company categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending.

The commercial lending segment includes loans and leases made to small business, middle market, large corporate, commercial real estate, financial institution, non-profit and public sector customers. Key risk characteristics relevant to commercial lending segment loans include the industry and geography of the borrower's business, purpose of the loan, repayment source, borrower's debt capacity and financial flexibility, loan covenants, and nature of pledged collateral, if any, as well as macroeconomic factors such as unemployment rates, gross domestic product levels, corporate bond spreads and long-term interest rates. These risk characteristics, among others, are considered in determining estimates about the likelihood of default by the borrowers and the severity of loss in the event of default. The Company considers these risk characteristics in assigning internal risk ratings to, or forecasting losses on, these loans, which are the significant factors in determining the allowance for credit losses for loans in the commercial lending segment.

The consumer lending segment represents loans and leases made to consumer customers, including residential mortgages, credit card loans, and other retail loans such as revolving consumer lines, auto loans and leases, home equity loans and lines, and student loans, a run-off portfolio. Home equity or second mortgage loans are junior lien closed-end accounts fully disbursed at origination. These loans typically are fixed rate loans, secured by residential real estate, with a 10- or 15-year fixed payment amortization schedule. Home equity lines are revolving accounts giving the borrower the ability to draw and repay balances repeatedly, up to a maximum commitment, and are secured by residential real estate. These include accounts in either a first or junior lien position. Typical terms on home equity lines in the portfolio are variable rates benchmarked to the prime rate, with a 10- or 15-year draw period during which a minimum payment is equivalent to the monthly interest, followed by a 20- or 10-year amortization period, respectively. At December 31, 2022, substantially all of the Company's home equity lines were in the draw period. Key risk characteristics relevant to consumer lending segment loans primarily relate to the borrowers' capacity and willingness to repay and include unemployment rates, consumer bankruptcy filings and other macroeconomic factors, customer payment history and credit scores, and in some cases, updated loan-to-value ("LTV") information reflecting current market conditions on real estate-based loans. These and other risk characteristics are reflected in forecasts of delinquency levels, bankruptcies and losses which are the primary factors in determining the allowance for credit losses for the consumer lending segment.

The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans.

Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments. The Company also engages in non-lending activities that may give rise to credit risk, including derivative transactions for balance sheet hedging purposes, foreign exchange transactions, deposit overdrafts and interest rate contracts for customers, investments in securities and other financial assets, and settlement risk, including Automated Clearing House transactions and the processing of credit card transactions for merchants. These activities are subject to credit review, analysis and approval processes.

Economic and Other Factors In evaluating its credit risk, the Company considers changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry or customer-specific concentrations), collateral values, trends in loan performance and macroeconomic factors, such as changes in unemployment rates, gross domestic product levels, inflation, interest rates and consumer bankruptcy filings.

During 2021, factors affecting economic conditions, including the further enactment of government stimulus programs and declining impacts from the pandemic in the United States, contributed to economic improvement. During 2022, economic

uncertainty and recession risk increased due to ongoing supply chain challenges, rising interest rates and inflationary concerns, market volatility, rising energy prices resulting from the Russia-Ukraine conflict and related pressure on corporate earnings. In addition to these broad economic factors, expected loss estimates consider various factors including customer specific information impacting changes in risk ratings, projected delinquencies, potential effects of inflationary pressures and the impact of rising interest rates on selected borrowers' liquidity and ability to repay.

Credit Diversification The Company manages its credit risk, in part, through diversification of its loan portfolio which is achieved through limit setting by product type criteria, such as industry, and identification of credit concentrations. As part of its normal business activities, the Company offers a broad array of traditional commercial lending products and specialized products such as asset-based lending, commercial lease financing, agricultural credit, warehouse mortgage lending, small business lending, commercial real estate lending, health care lending and correspondent banking financing. The Company also offers an array of consumer lending products, including residential mortgages, credit card loans, auto loans, retail leases, home equity loans and lines, revolving credit arrangements and other consumer loans. These consumer lending products are primarily offered through the branch office network, home mortgage and loan production offices, mobile and on-line banking, and indirect distribution channels, such as auto and recreational vehicle dealers. The Company monitors and manages the portfolio diversification by industry, customer and geography. Table 6 provides information with respect to the overall product diversification and changes in the mix during 2022.

The commercial loan class is diversified among various industries with higher concentrations in real estate and financial institutions. Additionally, the commercial loan class is diversified across the Company's geographical markets, with a higher concentration in California. Table 8 provides a summary of significant industry groups and geographical locations of commercial loans outstanding at December 31, 2022 and 2021.

The commercial real estate loan class reflects the Company's focus on serving business owners within its local network, as well as regional and national investment-based real estate owners and developers. Within the commercial real estate loan class, different property types have varying degrees of credit risk. Table 9 provides a summary of the significant property types and geographical locations of commercial real estate loans outstanding at December 31, 2022 and 2021. Commercial real estate loans are diversified among various property types with higher concentrations in business owner-occupied, multi-family and office properties.

The Company's consumer lending segment utilizes several distinct business processes and channels to originate consumer credit, including traditional branch lending, mobile and on-line banking, indirect lending, alliance partnerships and correspondent banks. Each distinct underwriting and origination activity manages unique credit risk characteristics and prices its loan production commensurate with the differing risk profiles.

Residential mortgage originations are generally limited to prime borrowers and are performed through the Company's branches, loan production offices, mobile and on-line services, and a wholesale network of originators. The Company may retain residential mortgage loans it originates on its balance sheet or sell the loans into the secondary market while retaining the servicing rights and customer relationships. Utilizing the secondary markets enables the Company to effectively reduce its credit and other asset/liability risks. For residential mortgages that are retained in the Company's portfolio and for home equity and second mortgages, credit risk is managed by adherence to LTV and borrower credit criteria during the underwriting process.

The Company estimates updated LTV information on its outstanding residential mortgages quarterly, based on a method that combines automated valuation model updates and relevant home price indices. LTV is the ratio of the loan's outstanding principal balance to the current estimate of property value. For home equity and second mortgages, combined loan-to-value ("CLTV") is the combination of the first mortgage original principal balance and the second lien outstanding principal balance, relative to the current estimate of property value. Certain loans do not have an LTV or CLTV, primarily due to lack of availability of relevant automated valuation model and/or home price indices values, or lack of necessary valuation data on acquired loans.

The following tables provide summary information of residential mortgages and home equity and second mortgages by LTV at December 31, 2022:

Residential Mortgages (Dollars in Millions)	Interest Only	Amortizing	Total	Percent of Total
Loan-to-Value				
Less than or equal to 80%	$15,474	$82,114	$ 97,588	84.2%
Over 80% through 90%	557	8,440	8,997	7.8
Over 90% through 100%	44	1,514	1,558	1.4
Over 100%	6	368	374	.3
No LTV available	—	11	11	—
Loans purchased from GNMA mortgage pools[a]	—	7,317	7,317	6.3
Total	$16,081	$99,764	$115,845	100.0%

(a) Represents loans purchased and loans that could be purchased from Government National Mortgage Association ("GNMA") mortgage pools under delinquent loan repurchase options whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

Home Equity and Second Mortgages (Dollars in Millions)	Lines	Loans	Total	Percent of Total
Loan-to-Value / Combined Loan-to-Value				
Less than or equal to 80%	$10,657	$1,331	$11,988	93.2%
Over 80% through 90%	574	130	704	5.5
Over 90% through 100%	61	12	73	.6
Over 100%	37	9	46	.3
No LTV/CLTV available	50	2	52	.4
Total	$11,379	$1,484	$12,863	100.0%

Home equity and second mortgages were $12.9 billion at December 31, 2022, compared with $10.4 billion at December 31, 2021, and included $2.9 billion of home equity lines in a first lien position and $10.0 billion of home equity and second mortgage loans and lines in a junior lien position. Loans and lines in a junior lien position at December 31, 2022, included approximately $3.3 billion of loans and lines for which the Company also serviced the related first lien loan, and approximately $6.7 billion where the Company did not service the related first lien loan. The Company was able to determine the status of the related first liens using information the Company has as the servicer of the first lien or information reported on customer credit bureau files. The Company also evaluates other indicators of credit risk for these junior lien loans and lines, including delinquency, estimated average CLTV ratios and updated weighted-average credit scores in making its assessment of credit risk, related loss estimates and determining the allowance for credit losses.

The following table provides a summary of delinquency statistics and other credit quality indicators for the Company's junior lien positions at December 31, 2022:

	Junior Liens Behind		
(Dollars in Millions)	Company Owned or Serviced First Lien	Third Party First Lien	Total
Total	$3,311	$6,693	$10,004
Percent 30 - 89 days past due	.50%	.42%	.45%
Percent 90 days or more past due	.03%	.04%	.03%
Weighted-average CLTV	70%	68%	69%
Weighted-average credit score	782	783	783

See the "Analysis and Determination of the Allowance for Credit Losses" section for additional information on how the Company determines the allowance for credit losses for loans in a junior lien position.

Credit card and other retail loans are diversified across customer segments and geographies. Diversification in the credit card portfolio is achieved with broad customer relationship distribution through the Company's and financial institution partners' branches, retail and affinity partners, and digital channels.

Tables 10, 11 and 12 provide a geographical summary of the residential mortgage, credit card and other retail loan portfolios, respectively.

The following table provides a summary of the Company's credit card loan balances disaggregated based upon updated credit score at December 31, 2022:

	Percent of Total[(a)]
Credit score > 660	87%
Credit score < 660	13
No credit score	—

(a) Credit score distribution excludes loans serviced by others.

TABLE 15 Delinquent Loan Ratios as a Percent of Ending Loan Balances

At December 31 90 days or more past due	2022	2021
Commercial		
Commercial	.07%	.05%
Lease financing	—	—
Total commercial	.07	.04
Commercial Real Estate		
Commercial mortgages	—	—
Construction and development	.03	.10
Total commercial real estate	.01	.03
Residential Mortgages[(a)]	.08	.24
Credit Card	.88	.73
Other Retail		
Retail leasing	.04	.04
Home equity and second mortgages	.28	.35
Other	.08	.06
Total other retail	.12	.11
Total loans	.13%	.15%

At December 31 90 days or more past due and nonperforming loans	2022	2021
Commercial	.19%	.20%
Commercial real estate	.62	.76
Residential mortgages[(a)]	.36	.53
Credit card	.88	.73
Other retail	.37	.35
Total loans	.38%	.42%

(a) Delinquent loan ratios exclude $2.2 billion and $1.5 billion at December 31, 2022 and 2021, respectively, of loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. Including these loans, the ratio of residential mortgages 90 days or more past due and nonperforming to total residential mortgages was 2.28 percent and 2.43 percent at December 31, 2022 and 2021, respectively.

Loan Delinquencies Trends in delinquency ratios are an indicator, among other considerations, of credit risk within the Company's loan portfolios. The entire balance of a loan account is considered delinquent if the minimum payment contractually required to be made is not received by the date specified on the billing statement. Delinquent loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, are excluded from delinquency statistics. In addition, in certain situations, a consumer lending customer's account may be re-aged to remove it from delinquent status. Generally, the purpose of re-aging accounts is to assist customers who have recently overcome temporary financial difficulties and have demonstrated both the ability and willingness to resume regular payments. In addition, the Company may re-age the consumer lending account of a customer who has experienced longer-term financial difficulties and apply modified, concessionary terms and conditions to the account. Commercial lending loans are generally not subject to re-aging policies.

Accruing loans 90 days or more past due totaled $491 million at December 31, 2022, and included $22 million of accruing loans 90 days or more past due acquired as part of the MUB acquisition, compared with $472 million at December 31, 2021. Accruing loans 90 days or more past due are not included in nonperforming assets and continue to accrue interest because they are adequately secured by collateral, are in the process of collection and are reasonably expected to result in repayment or restoration to current status, or are managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines. The ratio of accruing loans 90 days or more past due to total loans was 0.13 percent at December 31, 2022, compared with 0.15 percent at December 31, 2021.

The following table provides summary delinquency information for residential mortgages, credit card and other retail loans included in the consumer lending segment:

At December 31 (Dollars in Millions)	Amount 2022	Amount 2021	As a Percent of Ending Loan Balances 2022	As a Percent of Ending Loan Balances 2021
Residential Mortgages[a]				
30-89 days	$201	$124	.17%	.15%
90 days or more	95	181	.08	.24
Nonperforming	325	226	.28	.30
Total	$621	$531	.54%	.69%
Credit Card				
30-89 days	$283	$193	1.08%	.86%
90 days or more	231	165	.88	.73
Nonperforming	1	—	—	—
Total	$515	$358	1.96%	1.59%
Other Retail				
Retail Leasing				
30-89 days	$ 27	$ 29	.49%	.40%
90 days or more	2	3	.04	.04
Nonperforming	8	10	.14	.14
Total	$ 37	$ 42	.67%	.58%
Home Equity and Second Mortgages				
30-89 days	$ 65	$ 55	.51%	.53%
90 days or more	36	37	.28	.35
Nonperforming	110	116	.86	1.11
Total	$211	$208	1.64%	1.99%
Other[b]				
30-89 days	$217	$191	.59%	.43%
90 days or more	28	26	.08	.06
Nonperforming	21	24	.06	.05
Total	$266	$241	.73%	.54%

(a) Excludes $647 million of loans 30-89 days past due and $2.2 billion of loans 90 days or more past due at December 31, 2022, purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options that continue to accrue interest, compared with $791 million and $1.5 billion at December 31, 2021.

(b) Includes revolving credit, installment and automobile loans.

Restructured Loans In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. In most cases the modification is either a concessionary reduction in interest rate, extension of the maturity date or reduction in the principal balance that would otherwise not be considered.

Troubled Debt Restructurings Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in the payments to be received. TDRs accrue interest if the borrower complies with the revised terms and conditions and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. At December 31, 2022, performing TDRs were $3.3 billion, compared with $3.1 billion at December 31, 2021.

The Company continues to work with customers to modify loans for borrowers who are experiencing financial difficulties. Many of the Company's TDRs are determined on a case-by-case basis in connection with ongoing loan collection processes. The modifications vary within each of the Company's loan classes. Commercial lending segment TDRs generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate. The Company may also work with the borrower to make other changes to the loan to mitigate losses, such as obtaining additional collateral and/or guarantees to support the loan.

The Company has also implemented certain residential mortgage loan restructuring programs that may result in TDRs. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, and its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extensions of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers modification solutions over a specified time period, generally up to 60 months.

In accordance with regulatory guidance, the Company considers secured consumer loans that have had debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs. If the loan amount exceeds the collateral value, the loan is charged down to collateral value and the remaining amount is reported as nonperforming.

The following table provides a summary of TDRs by loan class, including the delinquency status for TDRs that continue to accrue interest and TDRs included in nonperforming assets:

At December 31, 2022 (Dollars in Millions)	Performing TDRs	As a Percent of Performing TDRs: 30-89 Days Past Due	As a Percent of Performing TDRs: 90 Days or More Past Due	Nonperforming TDRs	Total TDRs
Commercial	$ 141	6.0%	2.9%	$ 44[a]	$ 185
Commercial real estate	102	.3	—	101[b]	203
Residential mortgages	1,600	2.5	2.9	122	1,722[d]
Credit card	296	15.8	7.7	—	296
Other retail	179	11.2	4.5	31[c]	210[e]
TDRs, excluding loans purchased from GNMA mortgage pools	2,318	5.0	3.5	298	2,616
Loans purchased from GNMA mortgage pools (g)	1,018	—	—	—	1,018[f]
Total	$3,336	3.5%	2.4%	$298	$3,634

(a) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months) and small business credit cards with a modified rate equal to 0 percent.

(b) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months).

(c) Primarily represents loans with a modified rate equal to 0 percent.

(d) Includes $205 million of residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $18 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(e) Includes $52 million of other retail loans to borrowers that have had debt discharged through bankruptcy and $13 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(f) Includes $155 million of Federal Housing Administration and United States Department of Veterans Affairs residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $105 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.

(g) Approximately 6.8 percent and 32.4 percent of the total TDR loans purchased from GNMA mortgage pools are 30-89 days past due and 90 days or more past due, respectively, but are not classified as delinquent as their repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

Short-term and Other Loan Modifications The Company makes short-term and other modifications that it does not consider to be TDRs, in limited circumstances, to assist borrowers experiencing temporary hardships, including previously offering payment relief to borrowers that experienced financial hardship resulting directly from the effects of the COVID-19 pandemic. Short-term consumer lending modification programs include payment reductions, deferrals of up to three past due payments, and the ability to return to current status if the borrower makes required payments. The Company may also make short-term modifications to commercial lending loans, with the most common modification being an extension of the maturity date of three months or less. Such extensions generally are used when the maturity date is imminent and the borrower is experiencing some level of financial stress, but the Company believes the borrower will pay all contractual amounts owed.

Nonperforming Assets The level of nonperforming assets represents another indicator of the potential for future credit losses. Nonperforming assets include nonaccrual loans, restructured loans not performing in accordance with modified terms and not accruing interest, restructured loans that have not met the performance period required to return to accrual status, other real estate owned ("OREO") and other nonperforming assets owned by the Company. Interest payments collected from assets on nonaccrual status are generally applied against the principal balance and not recorded as income. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible.

At December 31, 2022, total nonperforming assets were $1.0 billion, and included $329 million of nonperforming loans related to the MUB acquisition, compared with $878 million at December 31, 2021. The $138 million (15.7 percent) increase in nonperforming assets, from December 31, 2021 to December 31, 2022, was driven by acquired balances partially offset by decreases in legacy portfolio nonperforming loans across all loan classes. The ratio of total nonperforming assets to total loans and other real estate was 0.26 percent at December 31, 2022, compared with 0.28 percent at December 31, 2021.

OREO was $23 million at December 31, 2022, compared with $22 million at December 31, 2021, and was related to foreclosed properties that previously secured loan balances. These balances exclude foreclosed GNMA loans whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

TABLE 16 Nonperforming Assets[a]

At December 31 (Dollars in Millions)	2022	2021
Commercial		
Commercial	$ 139	$ 139
Lease financing	30	35
Total commercial	169	174
Commercial Real Estate		
Commercial mortgages	251	213
Construction and development	87	71
Total commercial real estate	338	284
Residential Mortgages[b]	325	226
Credit Card	1	—
Other Retail		
Retail leasing	8	10
Home equity and second mortgages	110	116
Other	21	24
Total other retail	139	150
Total nonperforming loans[1]	972	834
Other Real Estate[c]	23	22
Other Assets	21	22
Total nonperforming assets	$ 1,016	$ 878
Accruing loans 90 days or more past due[b]	$ 491	$ 472
Period-end loans[2]	$388,213	$312,028
Nonperforming loans to total loans[1]/[2]	.25%	.27%
Nonperforming assets to total loans plus other real estate[c]	.26%	.28%

Changes in Nonperforming Assets

(Dollars in Millions)	Commercial and Commercial Real Estate	Residential Mortgages, Credit Card and Other Retail	Total
Balance December 31, 2021	$ 461	$ 417	$ 878
Additions to nonperforming assets			
New nonaccrual loans and foreclosed properties	327	191	518
Advances on loans	7	2	9
Acquired nonperforming assets	182	148	330
Total additions	516	341	857
Reductions in nonperforming assets			
Paydowns, payoffs	(282)	(78)	(360)
Net sales	(8)	(23)	(31)
Return to performing status	(65)	(143)	(208)
Charge-offs[d]	(113)	(7)	(120)
Total reductions	(468)	(251)	(719)
Net additions to (reductions in) nonperforming assets	48	90	138
Balance December 31, 2022	$ 509	$ 507	$1,016

(a) Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due.

(b) Excludes $2.2 billion and $1.5 billion at December 31, 2022 and 2021, respectively, of loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options that are 90 days or more past due that continue to accrue interest, as their repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(c) Foreclosed GNMA loans of $53 million and $22 million at December 31, 2022 and 2021, respectively, continue to accrue interest and are recorded as other assets and excluded from nonperforming assets because they are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(d) Charge-offs exclude actions for certain card products and loan sales that were not classified as nonperforming at the time the charge-off occurred.

TABLE 17 Net Charge-offs as a Percent of Average Loans Outstanding

Year Ended December 31 (Dollars in Millions)	2022 Average Loan Balance	2022 Net Charge-offs	2022 Percent	2021 Average Loan Balance	2021 Net Charge-offs	2021 Percent	2020 Average Loan Balance	2020 Net Charge-offs	2020 Percent
Commercial									
Commercial	$118,967	$ 211	.18%	$ 97,649	$ 97	.10%	$108,367	$ 483	.45%
Lease financing	4,830	16	.33	5,206	6	.12	5,600	30	.54
Total commercial	123,797	227	.18	102,855	103	.10	113,967	513	.45
Commercial real estate									
Commercial mortgages	30,890	17	.06	27,997	(14)	(.05)	29,641	185	.62
Construction	10,208	20	.20	10,784	16	.15	10,907	2	.02
Total commercial real estate	41,098	37	.09	38,781	2	.01	40,548	187	.46
Residential mortgages	84,749	(23)	(.03)	74,629	(32)	(.04)	73,667	(12)	(.02)
Credit card	23,478	524	2.23	21,645	512	2.37	22,332	829	3.71
Other retail									
Retail leasing	6,459	3	.05	7,710	2	.03	8,405	81	.96
Home equity and second mortgages	11,051	(7)	(.06)	11,228	(10)	(.09)	13,894	(4)	(.03)
Other	42,941	302	.70	40,117	105	.26	34,456	192	.56
Total other retail	60,451	298	.49	59,055	97	.16	56,755	269	.47
Total loans	$333,573	$1,063	.32%	$296,965	$682	.23%	$307,269	$1,786	.58%

Analysis of Loan Net Charge-offs Total loan net charge-offs were $1.1 billion in 2022, compared with $682 million in 2021. The $381 million (55.9 percent) increase in total net charge-offs in 2022, compared with 2021, reflected $179 million of uncollectible MUB acquired loans, of which the majority of this balance related to loans that were previously charged-off by MUB, as well as $189 million of net charge-offs related to balance sheet repositioning and capital management actions taken during the fourth quarter of 2022 in connection with the acquisition. These increases in net charge-offs were partially offset by lower credit card net charge-offs in the legacy portfolio. The ratio of total loan net charge-offs to average loans outstanding, including the impacts of the acquisition, was 0.32 percent in 2022, compared with 0.23 percent in 2021.

Commercial and commercial real estate loan net charge-offs for 2022 were $264 million (0.16 percent of average loans outstanding), compared with $105 million (0.07 percent of average loans outstanding) in 2021. The increase in net charge-offs in 2022, compared with 2021, were driven primarily by MUB purchase accounting related net charge-offs of $143 million.

Residential mortgage loan net charge-offs for 2022 reflected a net recovery of $23 million (0.03 percent of average loans outstanding), compared with a net recovery of $32 million (0.04 percent of average loans outstanding) in 2021. Credit card loan net charge-offs in 2022 were $524 million (2.23 percent of average loans outstanding), compared with $512 million (2.37 percent of average loans outstanding) in 2021. Other retail loan net charge-offs for 2022 were $298 million (0.49 percent of average loans outstanding), compared with $97 million (0.16 percent of average loans outstanding) in 2021. The increase in total residential mortgage, credit card and other retail loan net charge-offs in 2022, compared with 2021, was driven by charge-offs related to the balance sheet repositioning and capital management actions taken in the fourth quarter of 2022, along with MUB purchase accounting related net charge-offs, partially offset by lower net charge-offs in the legacy portfolio.

Analysis and Determination of the Allowance for Credit Losses The allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs.

Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis. Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which includes increasing consideration of historical loss experience over years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates from better to worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consideration of economic forecast uncertainty. Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions.

Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments, which is included in other liabilities in the Consolidated Balance Sheet. Both the allowance for loan losses and the liability for unfunded credit commitments are included in the Company's analysis of credit losses and reported reserve ratios.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, real estate prices, gross domestic product levels, inflation, interest rates, and corporate bond spreads, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that may affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral-dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses.

The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. For smaller commercial loans collectively evaluated for impairment, historical loss experience is also incorporated into the allowance methodology applied to this category of loans.

The allowance recorded for TDR loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the current fair value of the collateral less costs to sell.

When evaluating the appropriateness of the allowance for credit losses for any loans and lines in a junior lien position, the Company considers the delinquency and modification status of the first lien. At December 31, 2022, the Company serviced the first lien on 33 percent of the home equity loans and lines in a junior lien position. The Company also considers the status of first lien mortgage accounts reported on customer credit bureau files when the first lien is not serviced by the Company. Regardless of whether the Company services the first lien, an assessment is made of economic conditions, problem loans, recent loss experience and other factors in determining the allowance for credit losses. Based on the available information, the Company estimated $195 million or 1.5 percent of its total home equity portfolio at December 31, 2022, represented non-delinquent junior liens where the first lien was delinquent or modified.

When a loan portfolio is purchased, the acquired loans are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered PCD. An allowance is established for each population and considers product mix, risk characteristics of the portfolio and delinquency status and refreshed LTV ratios when possible. PCD loans also consider whether the loan has experienced a charge-off, bankruptcy or significant deterioration since origination. The allowance established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance. The Company had a total unpaid principal balance of $5.1 billion of PCD loans, primarily related to the MUB acquisition, included in its loan portfolio at December 31, 2022.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above are adjusted by management to consider the potential impact of other qualitative factors not captured in quantitative model adjustments which include, but are not limited to, the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the economic environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each loan portfolio. Table 19 shows the amount of the allowance for credit losses by loan class and underlying portfolio category.

Although the Company determined the amount of each element of the allowance separately and considers this process to be an important credit management tool, the entire allowance for credit losses is available for the entire loan portfolio. The actual amount of losses can vary significantly from the estimated amounts.

At December 31, 2022, the allowance for credit losses was $7.4 billion, compared with an allowance of $6.2 billion at December 31, 2021. The increase in the allowance for credit losses of $1.2 billion (20.3 percent) at December 31, 2022, compared with December 31, 2021, included $336 million of initial allowance recorded through purchase accounting as well as the provision for credit losses of $662 million related to acquired loans from MUB, along with loan growth in the legacy portfolio and increased economic uncertainty.

The ratio of the allowance for credit losses to period-end loans was 1.91 percent at December 31, 2022, compared with 1.97 percent at December 31, 2021. The ratio of the allowance for credit losses to nonperforming loans was 762 percent at December 31, 2022, compared with 738 percent at December 31, 2021. The ratio of the allowance for credit losses to annual loan net charge-offs at December 31, 2022, was 697 percent, compared with 902 percent at December 31, 2021. Management determined the allowance for credit losses was appropriate on December 31, 2022 and 2021.

Economic conditions considered in estimating the allowance for credit losses at December 31, 2022 included changes in projected gross domestic product and unemployment levels. These factors are evaluated through a combination of quantitative calculations using multiple economic scenarios and additional qualitative assessments that consider the high degree of economic uncertainty in the current environment. The projected unemployment rates for 2023 considered in the estimate range from 3.5 percent to 8.4 percent.

The following table summarizes the baseline forecast for key economic variables the Company used in its estimate of the allowance for credit losses at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
United States unemployment rate for the three months ending[(a)]		
December 31, 2022	3.7%	3.5%
June 30, 2023	4.0	3.5
December 31, 2023	4.2	3.5
United States real gross domestic product for the three months ending[(b)]		
December 31, 2022	.4%	3.4%
June 30, 2023	1.1	2.9
December 31, 2023	1.0	2.9

(a) Reflects quarterly average of forecasted reported United States unemployment rate.
(b) Reflects year-over-year growth rates.

The allowance for credit losses related to commercial lending segment loans increased $516 million during the year ended December 31, 2022, reflecting the impact of the MUB acquisition, along with the impacts of loan growth and increasing economic uncertainty.

The allowance for credit losses related to consumer lending segment loans increased $733 million during the year ended December 31, 2022, due to the impacts of the MUB acquisition, loan growth and economic uncertainty, along with the effects of higher interest rates on the life of the residential mortgage portfolios and normalizing credit trends in the unsecured portfolios.

TABLE 18 Summary of Allowance for Credit Losses

(Dollars in Millions)	2022	2021	2020
Balance at beginning of year	$ 6,155	$ 8,010	$ 4,491
Allowance for acquired credit losses[a]	336	—	—
Change in accounting principle[b]	—	—	1,499
Charge-Offs			
Commercial			
Commercial	294	206	536
Lease financing	25	16	39
Total commercial	319	222	575
Commercial real estate			
Commercial mortgages	28	9	202
Construction and development	26	20	8
Total commercial real estate	54	29	210
Residential mortgages	13	18	19
Credit card	696	686	975
Other retail			
Retail leasing	18	26	101
Home equity and second mortgages	9	12	16
Other	391	215	284
Total other retail	418	253	401
Total charge-offs	1,500	1,208	2,180
Recoveries			
Commercial			
Commercial	83	109	53
Lease financing	9	10	9
Total commercial	92	119	62
Commercial real estate			
Commercial mortgages	11	23	17
Construction and development	6	4	6
Total commercial real estate	17	27	23
Residential mortgages	36	50	31
Credit card	172	174	146
Other retail			
Retail leasing	15	24	20
Home equity and second mortgages	16	22	20
Other	89	110	92
Total other retail	120	156	132
Total recoveries	437	526	394
Net Charge-Offs			
Commercial			
Commercial	211	97	483
Lease financing	16	6	30
Total commercial	227	103	513
Commercial real estate			
Commercial mortgages	17	(14)	185
Construction and development	20	16	2
Total commercial real estate	37	2	187
Residential mortgages	(23)	(32)	(12)
Credit card	524	512	829
Other retail			
Retail leasing	3	2	81
Home equity and second mortgages	(7)	(10)	(4)
Other	302	105	192
Total other retail	298	97	269
Total net charge-offs	1,063[c]	682	1,786
Provision for credit losses	1,977[d]	(1,173)	3,806
Other changes	(1)	—	—
Balance at end of year	$ 7,404	$ 6,155	$ 8,010
Components			
Allowance for loan losses	$ 6,936	$ 5,724	$ 7,314
Liability for unfunded credit commitments	468	431	696
Total allowance for credit losses[1]	$ 7,404	$ 6,155	$ 8,010
Period-end loans[2]	$388,213	$312,028	$297,707
Nonperforming loans[3]	972	834	1,224
Allowance for Credit Losses as a Percentage of			
Period-end loans[1][2]	1.91%	1.97%	2.69%
Nonperforming loans[1][3]	762	738	654
Nonperforming and accruing loans 90 days or more past due	506	471	471
Nonperforming assets	729	701	617
Net charge-offs	697	902	448

(a) Allowance for purchased credit deteriorated and charged-off loans acquired from MUB.

(b) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses.

(c) Includes $179 million of net charge-offs related to uncollectible MUB acquired loans, of which the majority of this balance related to loans that were previously charged-off by MUB, as well as $189 million of net charge-offs related to balance sheet repositioning and capital management actions taken during the fourth quarter of 2022 in connection with the acquisition.

(d) Includes provision for credit losses of $662 million related to the acquisition of MUB and a $129 million provision impact of balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 related to the acquisition.

TABLE 19 Allocation of the Allowance for Credit Losses

At December 31 (Dollars in Millions)	Allowance Amount 2022	Allowance Amount 2021	Allowance as a Percent of Loans 2022	Allowance as a Percent of Loans 2021
Commercial				
Commercial	$2,087	$1,779	1.59%	1.66%
Lease financing	76	70	1.67	1.37
Total commercial	2,163	1,849	1.59	1.65
Commercial Real Estate				
Commercial mortgages	878	699	2.01	2.43
Construction and development	447	424	3.81	4.12
Total commercial real estate	1,325	1,123	2.39	2.88
Residential Mortgages	926	565	.80	.74
Credit Card	2,020	1,673	7.68	7.44
Other Retail				
Retail leasing	127	136	2.30	1.87
Home equity and second mortgages	298	231	2.32	2.21
Other	545	578	1.49	1.31
Total other retail	970	945	1.77	1.53
Total allowance	$7,404	$6,155	1.91%	1.97%

Residual Value Risk Management The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Lease originations are subject to the same well-defined underwriting standards referred to in the "Credit Risk Management" section, which includes an evaluation of the residual value risk. Retail lease residual value risk is mitigated further by effective end-of-term marketing of off-lease vehicles.

Included in the retail leasing portfolio was approximately $4.4 billion of retail leasing residuals at December 31, 2022, compared with $5.6 billion at December 31, 2021. The Company monitors concentrations of leases by manufacturer and vehicle type. As of December 31, 2022, vehicle lease residuals related to sport utility vehicles were 49.9 percent of the portfolio, while truck and crossover utility vehicle classes represented approximately 29.2 percent and 14.7 percent of the portfolio, respectively. At year-end 2022, the individual vehicle model with the largest residual value outstanding represented 19.8 percent of the aggregate residual value of all vehicles in the portfolio. At December 31, 2022, the weighted-average origination term of the portfolio was 42 months, compared with 41 months at December 31, 2021. At December 31, 2022, the commercial leasing portfolio had $500 million of residuals, compared with $515 million at December 31, 2021. At year-end 2022, lease residuals related to trucks and other transportation equipment represented 36.1 percent of the total residual portfolio, while business and office equipment represented 29.3 percent.

Operational Risk Management. The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. Operational risk is inherent in all business activities, and the management of this risk is important to the achievement of the Company's objectives. Business lines have direct and primary responsibility and accountability for identifying, controlling, and monitoring operational risks embedded in their business activities, including those additional or increased risks created by economic and financial disruptions. The Company maintains a system of controls with the objective of providing proper transaction authorization and execution, proper system operations, proper oversight of third parties with whom it does business, safeguarding of assets from misuse or theft, and ensuring the reliability and security of financial and other data.

Business continuation and disaster recovery planning is also critical to effectively managing operational risks. Each business unit of the Company is required to develop, maintain and test these plans at least annually to ensure that recovery activities, if needed, can support mission critical functions, including technology, networks and data centers supporting customer applications and business operations.

While the Company believes it has designed effective processes to minimize operational risks, there is no absolute assurance that business disruption or operational losses would not occur from an external event or internal control breakdown. On an ongoing basis, management makes process changes and investments to enhance its systems of internal controls and business continuity and disaster recovery plans.

In the past, the Company has experienced attack attempts on its computer systems, including various denial-of-service attacks on customer-facing websites. The Company has not experienced any material losses relating to these attempts, as a result of its controls, processes and systems to protect its networks, computers, software and data from attack, damage or unauthorized access but future attacks could be more disruptive or damaging. Attack attempts on the Company's computer systems are evolving and increasing, and the Company continues

to develop and enhance its controls and processes to protect against these attempts.

Compliance Risk Management The Company may suffer legal or regulatory sanctions, material financial loss, or damage to its reputation through failure to comply with laws, regulations, rules, standards of good practice, and codes of conduct, including those related to compliance with Bank Secrecy Act/anti-money laundering requirements, sanctions compliance requirements as administered by the Office of Foreign Assets Control, consumer protection and other requirements. The Company has controls and processes in place for the assessment, identification, monitoring, management and reporting of compliance risks and issues, including those created or increased by economic and financial disruptions. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, for further discussion of the regulatory framework applicable to bank holding companies and their subsidiaries.

Interest Rate Risk Management In the banking industry, changes in interest rates are a significant risk that can impact earnings and the safety and soundness of an entity. The Company manages its exposure to changes in interest rates through asset and liability management activities within guidelines established by its Asset Liability Management Committee ("ALCO") and approved by the Board of Directors. The ALCO has the responsibility for approving and overseeing compliance with the ALCO management policies, including interest rate risk exposure. One way the Company measures and analyzes its interest rate risk is through net interest income simulation analysis.

Simulation analysis incorporates substantially all of the Company's assets and liabilities and off-balance sheet instruments, together with forecasted changes in the balance sheet and assumptions that reflect the current interest rate environment. Through this simulation, management estimates the impact on net interest income of various interest rate changes that differ in the direction, amount and speed of change over time, as well as the shape of the yield curve. This simulation includes assumptions about how the balance sheet is likely to be affected by changes in loan and deposit growth. Assumptions are made to project interest rates for new loans and deposits based on historical analysis, management's outlook and re-pricing strategies. These assumptions are reviewed and validated on a periodic basis with sensitivity analysis being provided for key variables of the simulation. The results are reviewed monthly by the ALCO and are used to guide asset/liability management strategies.

The Company manages its interest rate risk position by holding assets with desired interest rate risk characteristics on its balance sheet, implementing certain pricing strategies for loans and deposits and selecting derivatives and various funding and investment portfolio strategies.

Table 20 summarizes the projected impact to net interest income over the next 12 months of various potential interest rate changes. The sensitivity of the projected impact to net interest income over the next 12 months is dependent on balance sheet growth, product mix, deposit behavior, pricing and funding decisions. While the Company utilizes models and assumptions based on historical information and expected behaviors, actual outcomes could vary significantly. Net interest income sensitivities reflect the impact of current market expectations for interest rates, driving an increase in baseline projected net interest income. As market expectations are reflected in projected results, incremental interest rate sensitivity declines on a percentage basis.

Use of Derivatives to Manage Interest Rate and Other Risks To manage the sensitivity of earnings and capital to interest rate, prepayment, credit, price and foreign currency fluctuations (asset and liability management positions), the Company enters into derivative transactions. The Company uses derivatives for asset and liability management purposes primarily in the following ways:

- To convert fixed-rate debt and available-for-sale investment securities from fixed-rate payments to floating-rate payments;
- To convert floating-rate loans and debt from floating-rate payments to fixed-rate payments;
- To mitigate changes in value of the Company's unfunded mortgage loan commitments, funded MLHFS and MSRs;
- To mitigate remeasurement volatility of foreign currency denominated balances; and
- To mitigate the volatility of the Company's net investment in foreign operations driven by fluctuations in foreign currency exchange rates.

In addition, the Company enters into interest rate and foreign exchange derivative contracts to support the business requirements of its customers (customer-related positions). The Company minimizes the market and liquidity risks of customer-related positions by either entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure from these customer-related positions. The Company may enter into derivative contracts that are either exchange-traded, centrally cleared through clearinghouses or over-the-counter. The Company does not utilize derivatives for speculative purposes.

TABLE 20 Sensitivity of Net Interest Income

	December 31, 2022[a]				December 31, 2021			
	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual
Net interest income	(.58)%	.95%	(2.02)%	1.44%	(3.77)%	3.09%	*	5.39%

* *Given the level of interest rates, downward rate scenario is not computed.*

(a) December 31, 2022 amounts include MUB.

The Company does not designate all of the derivatives that it enters into for risk management purposes as accounting hedges because of the inefficiency of applying the accounting requirements and may instead elect fair value accounting for the related hedged items. In particular, the Company enters into interest rate swaps, swaptions, forward commitments to buy to-be-announced securities ("TBAs"), U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to mitigate fluctuations in the value of its MSRs, but does not designate those derivatives as accounting hedges. Refer to Note 10 of the Notes to Consolidated Financial Statements for additional information regarding MSRs, including management of the changes in fair value.

Additionally, the Company uses forward commitments to sell TBAs and other commitments to sell residential mortgage loans at specified prices to economically hedge the interest rate risk in its residential mortgage loan production activities. The forward commitments to sell and the unfunded mortgage loan commitments on loans intended to be sold are considered derivatives under the accounting guidance related to accounting for derivative instruments and hedging activities. The Company has elected the fair value option for the MLHFS.

Derivatives are subject to credit risk associated with counterparties to the contracts. Credit risk associated with derivatives is measured by the Company based on the probability of counterparty default. The Company manages the credit risk of its derivative positions by diversifying its positions among various counterparties, by entering into master netting arrangements, and, where possible, by requiring collateral arrangements. The Company may also transfer counterparty credit risk related to interest rate swaps to third parties through the use of risk participation agreements. In addition, certain interest rate swaps, interest rate forwards and credit contracts are required to be centrally cleared through clearinghouses to further mitigate counterparty credit risk. The Company may mitigate credit risk on loans or lending portfolios through the use of credit contracts.

For additional information on derivatives and hedging activities, refer to Notes 20 and 21 in the Notes to Consolidated Financial Statements.

LIBOR Transition In July 2017, the United Kingdom's Financial Conduct Authority (the "FCA") announced that it would no longer require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In March 2021, the FCA and the administrator of LIBOR announced that, with respect to the most commonly used tenors of United States Dollar LIBOR, LIBOR will no longer be published on a representative basis after June 30, 2023. The publication of all other tenors of United States Dollar LIBOR, as well as all non-United States Dollar LIBOR tenors, ceased to be provided or ceased to be representative after December 31, 2021. The Company holds financial instruments impacted by the discontinuance of LIBOR, including certain loans, investment securities, derivatives, borrowings and other financial instruments that use LIBOR as the benchmark rate. The Company also provides various services to customers in its capacities as trustee, servicer, and asset manager, which involve financial instruments that will be similarly impacted by the discontinuance of LIBOR.

In order to facilitate the transition process, the Company has instituted a LIBOR Transition Office and commenced an enterprise-wide project to (1) identify, assess, monitor and mitigate risks associated with the expected discontinuance or unavailability of LIBOR, (2) actively engage with industry working groups and regulators, (3) develop and implement training and education materials with respect to LIBOR and its discontinuance for the Company and for customers, (4) achieve operational readiness for the use of alternative reference rates ("ARRs") in new financial instruments and transition existing LIBOR financial instruments to ARRs, (5) develop and implement customer notification programs across the Company and engage impacted customers to remediate and transition impacted instruments, and (6) develop reporting on remediation of LIBOR instruments across the Company for both internal and external stakeholders. The Company has also invested in updating its systems, models, procedures and internal infrastructure as part of the transition program.

The Company transitioned its financial instruments associated to LIBOR currencies and tenors that ceased or became nonrepresentative on December 31, 2021, to ARRs, with limited exceptions. Additionally, in alignment with guidance from United States banking agencies and the FCA, the Company has ceased the use of LIBOR as a reference rate in new contracts, with limited exceptions, and continues to increase the usage of ARRs such as the Secured Overnight Financing Rate ("SOFR"). The Company also anticipates that additional financial instruments associated with the remaining United States Dollar LIBOR tenors will require transition to a new reference rate by June 30, 2023. The Company has been undergoing an enterprise-wide effort to proactively reprice LIBOR loans and derivatives that mature after June 30, 2023, with customers to an ARR. The Company has also adopted industry best practice guidelines for fallback language for new transactions, converted its cleared interest rate swaps discounting to SOFR discounting, and distributed communications related to the transition to certain impacted parties, both inside and outside the Company.

The Company's MUB acquisition impacts the execution of the Company's LIBOR transition strategies and execution plans. The Company is currently assessing MUB's LIBOR transition program, remediation strategies, and preparedness to execute on remediation strategies. In certain instances, the Company and MUB have different remediation strategies. As a result, the Company is updating its LIBOR transition plans to ensure that the Company can execute remediation plans across all products and business units, including with respect to MUB.

The Company is currently assessing the applicability and scope of the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act"), which was enacted on March 15, 2022, and the Regulations Implementing the Adjustable Interest Rate (LIBOR) Act (Regulation ZZ) (the "Final Rules"), which were implemented

on December 16, 2022. The LIBOR Act and Final Rules establish a process for replacing LIBOR in existing LIBOR contracts that do not provide for the use of a clearly defined or practicable replacement benchmark rate by providing that a benchmark replacement identified by the Federal Reserve Board that is based on SOFR will replace LIBOR as the benchmark for those contracts as a matter of law, without the need to be amended by the parties. The Company is currently assessing its outstanding LIBOR portfolio to determine the eligibility of certain financial instruments for the LIBOR Act and will incorporate the LIBOR Act as a remediation strategy where prudent. Refer to "Risk Factors" beginning on page 140, for further discussion on potential risks that could adversely affect the Company's financial results as a result of the LIBOR transition.

Market Risk Management In addition to interest rate risk, the Company is exposed to other forms of market risk, principally related to trading activities which support customers' strategies to manage their own foreign currency, interest rate risk and funding activities. For purposes of its internal capital adequacy assessment process, the Company considers risk arising from its trading activities, as well as the remeasurement volatility of foreign currency denominated balances included on its Consolidated Balance Sheet (collectively, "Covered Positions"), employing methodologies consistent with the requirements of regulatory rules for market risk. The Company's Market Risk Committee ("MRC"), within the framework of the ALCO, oversees market risk management. The MRC monitors and reviews the Company's Covered Positions and establishes policies for market risk management, including exposure limits for each portfolio. The Company uses a VaR approach to measure general market risk. Theoretically, VaR represents the statistical risk of loss the Company has to adverse market movements over a one-day time horizon. The Company uses the Historical Simulation method to calculate VaR for its Covered Positions measured at the ninety-ninth percentile using a one-year look-back period for distributions derived from past market data. The market factors used in the calculations include those pertinent to market risks inherent in the underlying trading portfolios, principally those that affect the Company's corporate bond trading business, foreign currency transaction business, client derivatives business, loan trading business and municipal securities business, as well as those inherent in the Company's foreign denominated balances and the derivatives used to mitigate the related measurement volatility. On average, the Company expects the one-day VaR to be exceeded by actual losses two to three times per year related to these positions. The Company monitors the accuracy of internal VaR models and modeling processes by back-testing model performance, regularly updating the historical data used by the VaR models and regular model validations to assess the accuracy of the models' input, processing, and reporting components. All models are required to be independently reviewed and approved prior to being placed in use. If the Company were to experience market losses in excess of the estimated VaR more often than expected, the VaR models and associated assumptions would be analyzed and adjusted. VaR amounts reflect MUB beginning December 1, 2022, the day the acquisition transaction closed.

The average, high, low and period-end one-day VaR amounts for the Company's Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2022	2021
Average	$2	$2
High	7	4
Low	1	1
Period-end	5	2

The Company did not experience any actual losses for its combined Covered Positions that exceeded VaR during the years ended December 31, 2022 and 2021. The Company stress tests its market risk measurements to provide management with perspectives on market events that may not be captured by its VaR models, including worst case historical market movement combinations that have not necessarily occurred on the same date.

The Company calculates Stressed VaR using the same underlying methodology and model as VaR, except that a historical continuous one-year look-back period is utilized that reflects a period of significant financial stress appropriate to the Company's Covered Positions. The period selected by the Company includes the significant market volatility of the last four months of 2008.

The average, high, low and period-end one-day Stressed VaR amounts for the Company's Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2022	2021
Average	$10	$7
High	19	9
Low	6	5
Period-end	13	7

Valuations of positions in client derivatives and foreign currency activities are based on discounted cash flow or other valuation techniques using market-based assumptions. These valuations are compared to third-party quotes or other market prices to determine if there are significant variances. Significant variances are approved by senior management in the Company's corporate functions. Valuation of positions in the corporate bond trading, loan trading and municipal securities businesses are based on trader marks. These trader marks are evaluated against third-party prices, with significant variances approved by senior management in the Company's corporate functions.

The Company also measures the market risk of its hedging activities related to residential MLHFS and MSRs using the Historical Simulation method. The VaRs are measured at the ninety-ninth percentile and employ factors pertinent to the market risks inherent in the valuation of the assets and hedges. A one-year look-back period is used to obtain past market data for the models.

The average, high and low VaR amounts for the residential MLHFS and related hedges and the MSRs and related hedges were as follows:

Year Ended December 31 (Dollars in Millions)	2022	2021
Residential Mortgage Loans Held For Sale and Related Hedges		
Average	$ 2	$ 9
High	5	19
Low	—	4
Mortgage Servicing Rights and Related Hedges		
Average	$ 8	$ 4
High	20	11
Low	3	1

Liquidity Risk Management The Company's liquidity risk management process is designed to identify, measure, and manage the Company's funding and liquidity risk to meet its daily funding needs and to address expected and unexpected changes in its funding requirements. The Company engages in various activities to manage its liquidity risk. These activities include diversifying its funding sources, stress testing, and holding readily-marketable assets which can be used as a source of liquidity if needed. In addition, the Company's profitable operations, sound credit quality and strong capital position have enabled it to develop a large and reliable base of core deposit funding within its market areas and in domestic and global capital markets.

The Company's Board of Directors approves the Company's liquidity policy. The Risk Management Committee of the Company's Board of Directors oversees the Company's liquidity risk management process and approves a contingency funding plan. The ALCO reviews the Company's liquidity policy and limits, and regularly assesses the Company's ability to meet funding requirements arising from adverse company-specific or market events.

The Company's liquidity policy requires it to maintain diversified wholesale funding sources to avoid maturity, entity and market concentrations. The Company operates a Cayman Islands branch for issuing Eurodollar time deposits. In addition, the Company has relationships with dealers to issue national market retail and institutional savings certificates and short-term and medium-term notes. The Company also maintains a significant correspondent banking network and relationships. Accordingly, the Company has access to national federal funds, funding through repurchase agreements and sources of stable certificates of deposit and commercial paper.

The Company regularly projects its funding needs under various stress scenarios and maintains a contingency funding plan consistent with the Company's access to diversified sources of contingent funding. The Company maintains a substantial level of total available liquidity in the form of on-balance sheet and off-balance sheet funding sources. These liquidity sources include cash at the Federal Reserve Bank and certain European central banks, unencumbered liquid assets, and capacity to borrow from the FHLB and at the Federal Reserve Bank's Discount Window. Unencumbered liquid assets in the Company's investment securities portfolio provides asset liquidity through the Company's ability to sell the securities or pledge and borrow against them. At December 31, 2022, the fair value of unencumbered investment securities totaled $135.5 billion, compared with $144.0 billion at December 31, 2021. Refer to Note 5 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on investment securities maturities and trends. Asset liquidity is further enhanced by the Company's practice of pledging loans to access secured borrowing facilities through the FHLB and Federal Reserve Bank. At December 31, 2022, the Company could have borrowed a total of an additional $114.8 billion from the FHLB and Federal Reserve Bank based on collateral available for additional borrowings.

The Company's diversified deposit base provides a sizeable source of relatively stable and low-cost funding, while reducing the Company's reliance on the wholesale markets. Total deposits were $525.0 billion at December 31, 2022, compared with $456.1 billion at December 31, 2021. Refer to Note 12 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the maturities, terms and trends of the Company's deposits.

Additional funding is provided by long-term debt and short-term borrowings. Long-term debt was $39.8 billion at December 31, 2022, and is an important funding source because of its multi-year borrowing structure. Refer to Note 14 of the Notes to Consolidated Financial Statements for information on the terms and maturities of the Company's long-term debt issuances and "Balance Sheet Analysis" for discussion on long-term debt trends. Short-term borrowings were $31.2 billion at December 31, 2022, and supplement the Company's other funding sources. Refer to Note 13 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the terms and trends of the Company's short-term borrowings.

The Company's ability to raise negotiated funding at competitive prices is influenced by rating agencies' views of the Company's credit quality, liquidity, capital and earnings. Table 21 details the rating agencies' most recent assessments.

TABLE 21 Credit Ratings

	Moody's	S&P Global Ratings	Fitch Ratings	DBRS Morningstar
U.S. Bancorp				
Long-term issuer rating	A2	A+	AA-	AA
Short-term issuer rating		A-1	F1+	R-1 (middle)
Senior unsecured debt	A2	A+	A+	AA
Subordinated debt	A2	A	A	AA (low)
Junior subordinated debt	A3			
Preferred stock	Baa1	BBB+	BBB+	A
Commercial paper	P-1		F1+	
U.S. Bank National Association				
Long-term issuer rating	A1	AA-	AA-	AA (high)
Short-term issuer rating	P-1	A-1+	F1+	R-1 (high)
Long-term deposits	Aa2		AA	AA (high)
Short-term deposits	P-1		F1+	
Senior unsecured debt	A1	AA-	AA-	AA (high)
Subordinated debt	A1	A+		AA
Commercial paper	P-1	A-1+	F1+	
Counterparty risk assessment	Aa3(cr)/P-1(cr)			
Counterparty risk rating	A1/P-1			
Baseline credit assessment	a1			

In addition to assessing liquidity risk on a consolidated basis, the Company monitors the parent company's liquidity. The parent company's routine funding requirements consist primarily of operating expenses, dividends paid to shareholders, debt service, repurchases of common stock and funds used for acquisitions. During 2022, the Company used approximately $5.5 billion of parent company cash to acquire MUB. The parent company obtains funding to meet its obligations from dividends collected from its subsidiaries and the issuance of debt and capital securities. The Company establishes limits for the minimal number of months into the future where the parent company can meet existing and forecasted obligations with cash and securities held that can be readily monetized. The Company measures and manages this limit in both normal and adverse conditions. The Company maintains sufficient funding to meet expected capital and debt service obligations for 24 months without the support of dividends from subsidiaries and assuming access to the wholesale markets is maintained. The Company maintains sufficient liquidity to meet its capital and debt service obligations for 12 months under adverse conditions without the support of dividends from subsidiaries or access to the wholesale markets. The parent company is currently in excess of required liquidity minimums.

Under United States Securities and Exchange Commission rules, the parent company is classified as a "well-known seasoned issuer," which allows it to file a registration statement that does not have a limit on issuance capacity. "Well-known seasoned issuers" generally include those companies with outstanding common securities with a market value of at least $700 million held by non-affiliated parties or those companies that have issued at least $1 billion in aggregate principal amount of non-convertible securities, other than common equity, in the last three years. However, the parent company's ability to issue debt and other securities under a registration statement filed with the United States Securities and Exchange Commission under these rules is limited by the debt issuance authority granted by the Company's Board of Directors and/or the ALCO policy.

At December 31, 2022, parent company long-term debt outstanding was $27.0 billion, compared with $18.9 billion at December 31, 2021. The increase was primarily due to $6.9 billion of medium-term note and $1.3 billion of subordinated note issuances, along with an increase related to the $3.5 billion of additional capital received as part of the MUB acquisition. These increases were partially offset by $1.3 billion of subordinated note and $1.0 billion of medium-term note repayments. As of December 31, 2022, there was no parent company debt scheduled to mature in 2023. Future debt maturities may be met through medium-term note and capital security issuances and dividends from subsidiaries, as well as from parent company cash and cash equivalents.

Dividend payments to the Company by its subsidiary banks are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends to the parent company from its banking subsidiaries are limited by rules which compare dividends to net income for regulatorily-defined periods. For further information, see Note 25 of the Notes to Consolidated Financial Statements.

The Company is subject to a regulatory Liquidity Coverage Ratio ("LCR") requirement which requires banks to maintain an adequate level of unencumbered high quality liquid assets to meet estimated liquidity needs over a 30-day stressed period. At December 31, 2022, the Company was compliant with this requirement.

The Company is also subject to a regulatory Net Stable Funding Ratio ("NSFR") requirement which requires banks to maintain a minimum level of stable funding based on the liquidity

characteristics of their assets, commitments, and derivative exposures over a one-year time horizon. At December 31, 2022, the Company was compliant with this requirement.

European Exposures The Company provides merchant processing and corporate trust services in Europe either directly or through banking affiliations in Europe. Revenue generated from sources in Europe represented approximately 2 percent of the Company's total net revenue for 2022. Operating cash for these businesses is deposited on a short-term basis typically with certain European central banks. For deposits placed at other European banks, exposure is mitigated by the Company placing deposits at multiple banks and managing the amounts on deposit at any bank based on institution-specific deposit limits. At December 31, 2022, the Company had an aggregate amount on deposit with European banks of approximately $7.7 billion, predominately with the Central Bank of Ireland and Bank of England.

In addition, the Company provides financing to domestic multinational corporations that generate revenue from customers in European countries, transacts with various European banks as counterparties to certain derivative-related activities, and through a subsidiary, manages money market funds that hold certain investments in European sovereign debt. Any deterioration in economic conditions in Europe, including the impacts resulting from the Russia-Ukraine conflict, is not expected to have a significant effect on the Company related to these activities.

Commitments, Contingent Liabilities and Other Contractual Obligations The Company participates in many different contractual arrangements which may or may not be recorded on its balance sheet, with unrelated or consolidated entities, under which the Company has an obligation to pay certain amounts, provide credit or liquidity enhancements or provide market risk support. These arrangements also include any obligation related to a variable interest held in an unconsolidated entity that provides financing, liquidity, credit enhancement or market risk support.

In the ordinary course of business, the Company enters into contractual obligations that may require future cash payments, including funding for customer loan requests, customer deposit maturities and withdrawals, debt service, leases for premises and equipment, and other cash commitments. Refer to Notes 7, 12, 14, 17 and 23 in the Notes to Consolidated Financial Statements for information on the Company's operating lease obligations, deposits, long-term debt, benefit obligations and guarantees and other commitments, respectively.

Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. Many of the Company's commitments to extend credit expire without being drawn and, therefore, total commitment amounts do not necessarily represent future liquidity requirements or the Company's exposure to credit loss. Commitments to extend credit also include consumer credit lines that are cancelable upon notification to the consumer. Total contractual amounts of commitments to extend credit at December 31, 2022 were $387.4 billion. The Company also issues and confirms various types of letters of credit, including standby and commercial. Total contractual amounts of letters of credit at December 31, 2022 were $11.4 billion. For more information on the Company's commitments to extend credit and letters of credit, refer to Note 23 in the Notes to Consolidated Financial Statements.

The Company's off-balance sheet arrangements with unconsolidated entities primarily consist of private investment funds or partnerships that make equity investments, provide debt financing or support community-based investments in tax-advantaged projects. In addition to providing investment returns, these arrangements in many cases assist the Company in complying with requirements of the Community Reinvestment Act. The investments in these entities generate a return primarily through the realization of federal and state income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. The entities in which the Company invests are generally considered variable interest entities ("VIEs"). The Company's recorded investment in these entities, net of contractual equity investment commitments of $2.4 billion, was $3.0 billion at December 31, 2022.

The Company also has non-controlling financial investments in private funds and partnerships considered VIEs. The Company's recorded investment in these entities was approximately $177 million at December 31, 2022, and the Company had unfunded commitments to invest an additional $133 million. For more information on the Company's interests in unconsolidated VIEs, refer to Note 8 in the Notes to Consolidated Financial Statements.

Guarantees are contingent commitments issued by the Company to customers or other third parties requiring the Company to perform if certain conditions exist or upon the occurrence or nonoccurrence of a specified event, such as a scheduled payment to be made under contract. The Company's primary guarantees include commitments from securities lending activities in which indemnifications are provided to customers; indemnification or buy-back provisions related to sales of loans and tax credit investments; and merchant charge-back guarantees through the Company's involvement in providing merchant processing services. For certain guarantees, the Company may have access to collateral to support the guarantee, or through the exercise of other recourse provisions, be able to offset some or all of any payments made under these guarantees.

The Company and certain of its subsidiaries, along with other Visa U.S.A. Inc. member banks, have a contingent guarantee obligation to indemnify Visa Inc. for potential losses arising from antitrust lawsuits challenging the practices of Visa U.S.A. Inc. and MasterCard International. The indemnification by the Company and other Visa U.S.A. Inc. member banks has no maximum amount. Refer to Note 23 in the Notes to Consolidated Financial Statements for further details regarding guarantees, other commitments, and contingent liabilities, including maximum potential future payments and current carrying amounts.

Capital Management The Company is committed to managing capital to maintain strong protection for depositors and creditors and for maximum shareholder benefit. The Company also manages its capital to exceed regulatory capital requirements for banking organizations. To achieve its capital goals, the Company employs a variety of capital management tools, including dividends, common share repurchases, and the issuance of subordinated debt, non-cumulative perpetual preferred stock, common stock and other capital instruments.

The Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its acquisition of MUB. The Company does not expect to commence repurchasing its common stock until after its common equity tier 1 capital ratio approximates 9.0 percent at which time the Company will assess its capital position relative to existing and proposed regulatory capital requirements.

The Company announced on September 13, 2022 that its Board of Directors had approved a regular quarterly dividend of $0.48 per common share. This represented a 4.3 percent increase over the previous dividend rate per common share of $0.46 per quarter.

The Company will continue to monitor its capital position and may adjust its capital distributions based on economic conditions, existing and proposed regulatory capital requirements and its financial performance. Capital distributions, including dividends and stock repurchases, are subject to the approval of the Company's Board of Directors and compliance with regulatory requirements. For a more complete analysis of activities impacting shareholders' equity and capital management programs, refer to Note 15 of the Notes to Consolidated Financial Statements.

Total U.S. Bancorp shareholders' equity was $50.8 billion at December 31, 2022, compared with $54.9 billion at December 31, 2021. The decrease was primarily the result of changes in unrealized gains and losses on available-for-sale investment securities included in other comprehensive income (loss) and dividends paid, partially offset by corporate earnings, the issuance of additional common shares related to the acquisition of MUB and the issuance of preferred stock.

The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach. Under Basel III, banking regulators define minimum capital requirements for banks and financial services holding companies. These requirements are expressed in the form of a minimum common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio and a tier 1 total leverage exposure, or supplementary leverage, ratio. The Company's minimum required level for these ratios at December 31, 2022, which include a stress capital buffer of 2.5 percent for the common equity tier 1 capital, tier 1 capital and total capital ratios, was 7.0 percent, 8.5 percent, 10.5 percent, 4.0 percent, and 3.0 percent, respectively. The Company targets its regulatory capital levels, at both the bank and bank holding company level, to exceed the "well-capitalized" threshold for these ratios under the FDIC Improvement Act prompt corrective action provisions that are applicable to all banks. At December 31, 2022, the minimum "well-capitalized" thresholds under the prompt corrective action framework for the common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio, and tier 1 total leverage exposure ratio was 6.5 percent, 8.0 percent, 10.0 percent, 5.0 percent, and 3.0 percent, respectively. Beginning in 2022, the Company began to phase into its regulatory capital requirements the cumulative deferred impact of its 2020 adoption of the accounting guidance related to the impairment of financial instruments based on the current expected credit losses ("CECL") methodology plus 25 percent of its quarterly credit reserve increases over the past two years. This cumulative deferred impact will be phased into the Company's regulatory capital over the next three years, culminating with a fully phased in regulatory capital calculation beginning in 2025. As of December 31, 2022, the Company's bank subsidiaries met all regulatory capital ratios to be considered "well-capitalized". There are no conditions or events since December 31, 2022 that management believes have changed the risk-based category of its covered subsidiary banks.

As an approved mortgage seller and servicer, the Company's banking subsidiaries, through their mortgage banking divisions, are required to maintain various levels of shareholder's equity, as specified by various agencies, including the United States Department of Housing and Urban Development, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. At December 31, 2022, the Company's banking subsidiaries met these requirements.

TABLE 22 Regulatory Capital Ratios

At December 31 (Dollars in Millions)	2022	2021
Basel III standardized approach:		
Common shareholders' equity	$ 43,958	$ 48,547
Less intangible assets		
Goodwill (net of deferred tax liability)	(11,395)	(9,323)
Other disallowed intangible assets (net of deferred tax liability)	(2,792)	(785)
Other[a]	11,789	3,262
Common equity tier 1 capital	41,560	41,701
Qualifying preferred stock	6,808	6,371
Noncontrolling interests eligible for tier 1 capital	450	450
Other[b]	(5)	(6)
Tier 1 capital	48,813	48,516
Eligible portion of allowance for credit losses	5,682	4,081
Subordinated debt and noncontrolling interests eligible for tier 2 capital	4,520	3,653
Tier 2 capital	10,202	7,734
Total risk-based capital	$ 59,015	$ 56,250
Risk-weighted assets	$496,500	$418,571
Common equity tier 1 capital as a percent of risk-weighted assets	8.4%	10.0%
Tier 1 capital as a percent of risk-weighted assets	9.8	11.6
Total risk-based capital as a percent of risk-weighted assets	11.9	13.4
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	7.9	8.6
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.4	6.9

(a) Includes the impact of items included in other comprehensive income (loss), such as unrealized gains (losses) on available-for-sale securities, accumulated net gains on cash flow hedges, pension liability adjustments, etc., and the portion of deferred tax assets related to net operating loss and tax credit carryforwards not eligible for common equity tier 1 capital.

(b) Includes the remaining portion of deferred tax assets not eligible for total tier 1 capital.

Table 22 provides a summary of statutory regulatory capital ratios in effect for the Company at December 31, 2022 and 2021. All regulatory ratios exceeded regulatory "well-capitalized" requirements.

The Company believes certain other capital ratios are useful in evaluating its capital adequacy. The Company's tangible common equity, as a percent of tangible assets and as a percent of risk-weighted assets determined in accordance with transitional regulatory capital requirements related to the CECL methodology under the standardized approach, was 4.5 percent and 6.0 percent, respectively, at December 31, 2022, compared with 6.8 percent and 9.2 percent at December 31, 2021, respectively. In addition, the Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology was 8.1 percent at December 31, 2022, compared with 9.6 percent at December 31, 2021. Refer to "Non-GAAP Financial Measures" beginning on page 59 for further information on these other capital ratios.

Line of Business Financial Review

The Company's major lines of business are Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance.

Basis for Financial Presentation Business line results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. Refer to Note 24 of the Notes to Consolidated Financial Statements for further information on the business lines' basis for financial presentation.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2022, certain organization and methodology changes were made and, accordingly, 2021 results were restated and presented on a comparable basis. Effective with the close of the MUB acquisition, MUB related business activities were integrated into the applicable line of business results.

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients. Corporate and Commercial Banking contributed $1.8 billion of the Company's net income in 2022, or an increase of $277 million (17.7 percent), compared with 2021.

Net revenue increased $584 million (15.0 percent) in 2022, compared with 2021. Net interest income, on a taxable-

equivalent basis, increased $615 million (21.6 percent) in 2022, compared with 2021, primarily due to higher loan and interest-bearing deposit balances, including those balances related to MUB, and the impact of higher rates on the margin benefit from deposits, partially offset by lower spreads on loans and lower noninterest-bearing deposits. Noninterest income decreased $31 million (3.0 percent) in 2022, compared with 2021, primarily due to lower commercial products revenue due to lower capital markets revenue, partially offset by higher trading revenue.

Noninterest expense increased $131 million (7.5 percent) in 2022, compared with 2021, primarily due to higher FDIC insurance expense, higher net shared services expense driven by investment in support of business growth and the impacts of the MUB acquisition, as well as higher compensation and employee benefits expense primarily due to merit increases and hiring to support business growth, partially offset by lower performance-based incentives related to capital markets activity. The provision for credit losses increased $84 million in 2022, compared with 2021, primarily due to loan loss provisions supporting growth in loan balances.

Consumer and Business Banking Consumer and Business Banking comprises consumer banking, small business banking and consumer lending. Products and services are delivered through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing, mobile devices, distributed mortgage loan officers, and intermediary relationships including auto dealerships, mortgage banks, and strategic business partners. Consumer and Business Banking contributed $1.8 billion of the Company's net income in 2022, or a decrease of $551 million (23.4 percent), compared with 2021.

Net revenue decreased $121 million (1.4 percent) in 2022, compared with 2021. Noninterest income decreased $940 million (37.7 percent) in 2022, compared with 2021, primarily due to lower mortgage banking revenue reflecting lower application volume, lower related gain on sale margins and lower performing loan sales, partially offset by an increase in the fair value of MSRs, net of hedging activities. Net interest income, on a taxable-equivalent basis, increased $819 million (13.5 percent) in 2022, compared with 2021, reflecting the favorable impact of higher rates on the margin benefit of deposits, partially offset by lower spreads on loans and lower loan fees.

Noninterest expense increased $249 million (4.5 percent) in 2022, compared with 2021, primarily due to increases in net shared services expense due to investments in digital capabilities and the impact of the MUB acquisition, as well as lower capitalized loan costs driven by lower mortgage production, partially offset by lower compensation and employee benefits expense and related loan expenses due to lower mortgage production. The provision for credit losses increased $364 million in 2022, compared with 2021, due to the impacts of balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 in connection with the acquisition, along with loan balance growth and more favorable credit trends in 2021.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services. Wealth Management and Investment Services contributed $1.3 billion of the Company's net income in 2022, or an increase of $471 million (55.9 percent), compared with 2021.

Net revenue increased $953 million (29.6 percent) in 2022, compared with 2021. Net interest income, on a taxable-equivalent basis, increased $622 million (62.1 percent) in 2022, compared with 2021, primarily due to the favorable impact of higher rates on the margin benefit from deposits. Noninterest income increased $331 million (14.9 percent) in 2022, compared with 2021, primarily driven by higher trust and investment management fees reflecting lower money market fund fee waivers, the impact of the PFM acquisition and core business growth, partially offset by the impact of unfavorable market conditions.

Noninterest expense increased $323 million (15.4 percent) in 2022, compared with 2021, reflecting higher compensation and employee benefits expense as a result of merit increases, the PFM acquisition, core business growth and performance-based incentives, as well as higher net shared services expense driven by investment in support of business growth and the impact of the MUB acquisition.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services and merchant processing. Payment Services contributed $1.3 billion of the Company's net income in 2022, or a decrease of $380 million (22.3 percent), compared with 2021.

Net revenue increased $290 million (4.8 percent) in 2022, compared with 2021. Net interest income, on a taxable-equivalent basis, increased $41 million (1.7 percent) in 2022, compared with 2021, primarily due to higher loan balances, higher loan fees and higher loan yields driven by higher interest rates, partially offset by higher funding costs. Noninterest income increased $249 million (7.0 percent) in 2022, compared with 2021, mainly due to continued strengthening of consumer and business spending across most sectors. As a result, there was strong growth in corporate payment products revenue driven by improving business spending across all product groups. In addition, merchant processing services revenue increased due to higher sales volume and higher merchant fees, partially offset by the impact of foreign currency rate changes in Europe.

Noninterest expense increased $165 million (4.9 percent) in 2022, compared with 2021, reflecting higher net shared services expense driven by investment in infrastructure and technology development, in addition to higher compensation and employee benefits expense as a result of merit increases and core business growth. The provision for credit losses increased $631 million in 2022, compared with 2021, primarily due to the impacts of increasing delinquency rates, along with stronger growth in loan balances.

TABLE 23 Line of Business Financial Performance

Year Ended December 31 (Dollars in Millions)	Corporate and Commercial Banking 2022	2021	Percent Change	Consumer and Business Banking 2022	2021	Percent Change	Wealth Management and Investment Services 2022	2021	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$ 3,468	$ 2,853	21.6%	$ 6,904	$ 6,085	13.5%	$ 1,624	$ 1,002	62.1%
Noninterest income	1,008	1,039	(3.0)	1,556	2,496	(37.7)	2,553	2,222	14.9
Total net revenue	4,476	3,892	15.0	8,460	8,581	(1.4)	4,177	3,224	29.6
Noninterest expense	1,872	1,741	7.5	5,824	5,575	4.5	2,417	2,094	15.4
Income (loss) before provision and income taxes	2,604	2,151	21.1	2,636	3,006	(12.3)	1,760	1,130	55.8
Provision for credit losses	149	65	*	228	(136)	*	9	7	28.6
Income (loss) before income taxes	2,455	2,086	17.7	2,408	3,142	(23.4)	1,751	1,123	55.9
Income taxes and taxable-equivalent adjustment	614	522	17.6	602	785	(23.3)	438	281	55.9
Net income (loss)	1,841	1,564	17.7	1,806	2,357	(23.4)	1,313	842	55.9
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	$ 1,841	$ 1,564	17.7	$ 1,806	$ 2,357	(23.4)	$ 1,313	$ 842	55.9
Average Balance Sheet									
Loans	$127,916	$103,404	23.7	$145,079	$140,890	3.0	$22,410	$ 18,095	23.8
Goodwill	1,915	1,715	11.7	3,249	3,429	(5.2)	1,720	1,628	5.7
Other intangible assets	57	5	*	3,785	2,761	37.1	308	84	*
Assets	143,370	115,423	24.2	160,713	161,385	(.4)	26,036	21,303	22.2
Noninterest-bearing deposits	57,451	61,991	(7.3)	32,256	33,063	(2.4)	24,721	24,663	.2
Interest-bearing deposits	97,169	71,711	35.5	167,938	157,592	6.6	73,461	76,000	(3.3)
Total deposits	154,620	133,702	15.6	200,194	190,655	5.0	98,182	100,663	(2.5)
Total U.S. Bancorp shareholders' equity	14,403	13,906	3.6	12,550	12,319	1.9	3,675	3,154	16.5

Year Ended December 31 (Dollars in Millions)	Payment Services 2022	2021	Percent Change	Treasury and Corporate Support 2022	2021	Percent Change	Consolidated Company 2022	2021	Percent Change
Condensed Income Statement									
Net interest income (taxable-equivalent basis)	$ 2,498	$ 2,457	1.7%	$ 352	$ 203	73.4%	$ 14,846	$ 12,600	17.8%
Noninterest income	3,799	3,550	7.0	540	920	(41.3)	9,456	10,227	(7.5)
Total net revenue	6,297	6,007	4.8	892	1,123	(20.6)	24,302	22,827	6.5
Noninterest expense	3,551	3,386	4.9	1,242	932	33.3	14,906	13,728	8.6
Income (loss) before provision and income taxes	2,746	2,621	4.8	(350)	191	*	9,396	9,099	3.3
Provision for credit losses	980	349	*	611	(1,458)	*	1,977	(1,173)	*
Income (loss) before income taxes	1,766	2,272	(22.3)	(961)	1,649	*	7,419	10,272	(27.8)
Income taxes and taxable-equivalent adjustment	442	568	(22.2)	(515)	131	*	1,581	2,287	(30.9)
Net income (loss)	1,324	1,704	(22.3)	(446)	1,518	*	5,838	7,985	(26.9)
Net (income) loss attributable to noncontrolling interests	—	—	—	(13)	(22)	40.9	(13)	(22)	40.9
Net income (loss) attributable to U.S. Bancorp	$ 1,324	$ 1,704	(22.3)	$ (459)	$ 1,496	*	$ 5,825	$ 7,963	(26.8)
Average Balance Sheet									
Loans	$34,627	$30,856	12.2	$ 3,541	$ 3,720	(4.8)	$333,573	$296,965	12.3
Goodwill	3,305	3,184	3.8	—	—	—	10,189	9,956	2.3
Other intangible assets	423	507	(16.6)	4	—	*	4,577	3,357	36.3
Assets	41,109	36,549	12.5	220,921	221,872	(.4)	592,149	556,532	6.4
Noninterest-bearing deposits	3,410	4,861	(29.8)	2,556	2,626	(2.7)	120,394	127,204	(5.4)
Interest-bearing deposits	162	145	11.7	3,260	1,629	*	341,990	307,077	11.4
Total deposits	3,572	5,006	(28.6)	5,816	4,255	36.7	462,384	434,281	6.5
Total U.S. Bancorp shareholders' equity	8,235	7,642	7.8	11,553	16,789	(31.2)	50,416	53,810	(6.3)

* *Not meaningful*

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of $459 million in 2022, compared with net income of $1.5 billion in 2021.

Net revenue decreased $231 million (20.6 percent) in 2022, compared with 2021. Noninterest income decreased $380 million (41.3 percent) in 2022, compared with 2021, primarily due to the impacts of balance sheet repositioning and capital management actions taken in the fourth quarter of 2022 associated with the acquisition of MUB, partially offset by higher tax-advantaged investment syndication revenue. Net interest income, on a taxable-equivalent basis, increased $149 million (73.4 percent) in 2022, compared with 2021, primarily due to higher yields on the investment securities portfolio and interest-bearing deposits with banks, mostly offset by higher funding costs.

Noninterest expense increased $310 million (33.3 percent) in 2022, compared with 2021, primarily due to merger and integration charges associated with the acquisition of MUB, other accruals and higher compensation and employee benefits expense reflecting merit increases and hiring to support business growth, partially offset by lower net shared services expense. The provision for credit losses was $2.1 billion higher in 2022, compared with 2021, primarily due to the initial provision for credit losses recorded in the fourth quarter of 2022 related to the MUB acquisition and additional impacts to the allowance for credit losses related to increasing economic uncertainty in the current year, compared to improving economic conditions in the prior year.

Income taxes are assessed to each line of business at a managerial tax rate of 25.0 percent with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

Non-GAAP Financial Measures

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

– Tangible common equity to tangible assets,
– Tangible common equity to risk-weighted assets, and
– Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology.

These capital measures are viewed by management as useful additional methods of evaluating the Company's utilization of its capital held and the level of capital available to withstand unexpected negative market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in banking regulations. In addition, certain of these measures differ from currently effective capital ratios defined by banking regulations principally in that the currently effective ratios, which are subject to certain transitional provisions, temporarily exclude the impact of the 2020 adoption of accounting guidance related to impairment of financial instruments based on the CECL methodology. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. Management believes this information helps investors assess trends in the Company's capital adequacy.

The Company also discloses net interest income and related ratios and analysis on a taxable-equivalent basis, which may also be considered non-GAAP financial measures. The Company believes this presentation to be the preferred industry measurement of net interest income as it provides a relevant comparison of net interest income arising from taxable and tax-exempt sources. In addition, certain performance measures, including the efficiency ratio and net interest margin utilize net interest income on a taxable-equivalent basis.

There may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this report in their entirety, and not to rely on any single financial measure.

The following tables show the Company's calculation of these non-GAAP financial measures:

At December 31 (Dollars in Millions)	2022	2021
Total equity	$ 51,232	$ 55,387
Preferred stock	(6,808)	(6,371)
Noncontrolling interests	(466)	(469)
Goodwill (net of deferred tax liability)[1]	(11,395)	(9,323)
Intangible assets (net of deferred tax liability), other than mortgage servicing rights	(2,792)	(785)
Tangible common equity[a]	29,771	38,439
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the CECL methodology implementation	41,560	41,701
Adjustments[2]	(1,299)	(1,733)
Common equity tier 1 capital, reflecting the full implementation of the CECL methodology[b]	40,261	39,968
Total assets	674,805	573,284
Goodwill (net of deferred tax liability)[1]	(11,395)	(9,323)
Intangible assets (net of deferred tax liability), other than mortgage servicing rights	(2,792)	(785)
Tangible assets[c]	660,618	563,176
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company[d]	496,500	418,571
Adjustments[3]	(620)	(357)
Risk-weighted assets, reflecting the full implementation of the CECL methodology[e]	495,880	418,214
Ratios		
Tangible common equity to tangible assets[a]/[c]	4.5%	6.8%
Tangible common equity to risk-weighted assets[a]/[d]	6.0	9.2
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology[b]/[e]	8.1	9.6

	Year Ended December 31		
	2022	2021	2020
Net interest income	$14,728	$12,494	$12,825
Taxable-equivalent adjustment[4]	118	106	99
Net interest income, on a taxable-equivalent basis	14,846	12,600	12,924
Net interest income, on a taxable-equivalent basis (as calculated above)	14,846	12,600	12,924
Noninterest income	9,456	10,227	10,401
Less: Securities gains (losses), net	20	103	177
Total net revenue, excluding net securities gains (losses)[f]	24,282	22,724	23,148
Noninterest expense[g]	14,906	13,728	13,369
Efficiency ratio[g]/[f]	61.4%	60.4%	57.8%

	Year Ended December 31, 2022		
	Net Revenue	Net Revenue as a Percent of the Consolidated Company	Net Revenue as a Percent of the Consolidated Company Excluding Treasury and Corporate Support
Corporate and Commercial Banking	$ 4,476	18%	19%
Consumer and Business Banking	8,460	35	36
Wealth Management and Investment Services	4,177	17	18
Payment Services	6,297	26	27
Treasury and Corporate Support	892	4	
Consolidated Company	24,302	100%	
Less: Treasury and Corporate Support	892		
Consolidated Company excluding Treasury and Corporate Support	$ 23,410		100%

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

(2) Includes the estimated increase in the allowance for credit losses related to the adoption of the CECL methodology net of deferred taxes.

(3) Includes the impact of the estimated increase in the allowance for credit losses related to the adoption of the CECL methodology.

(4) Based on federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(Dollars in Millions)	Year Ended December 31 2022	2021	Percent Change
Net interest income	$14,728	$12,494	
Taxable-equivalent adjustment[1]	118	106	
Net interest income, on a taxable-equivalent basis	14,846	12,600	
Net interest income, on a taxable-equivalent basis (as calculated above)	14,846	12,600	
Noninterest income	9,456	10,227	
Total net revenue	24,302	22,827	6.5%(a)
Less: MUB net revenue	302	—	
Less: Notable items[2]	(399)	—	
Total net revenue, excluding MUB and notable items	24,399	22,827	6.9%(b)
Noninterest expense	14,906	13,728	8.6%(c)
Less: MUB noninterest expense	221	—	
Less: Notable items[3]	329	—	
Total noninterest expense, excluding MUB and notable items	14,356	13,728	4.6%(d)
Operating leverage (a) - (c)	(2.1)%		
Operating leverage, excluding MUB and notable items (b) - (d)	2.3%		

(1) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

(2) Represents $399 million of losses primarily related to interest rate economic hedges, entered into after regulatory approval was obtained, to manage the impact of interest rate volatility on capital prior to closing the MUB acquisition.

(3) Represents $329 million of merger and integration charges.

Accounting Changes

Note 2 of the Notes to Consolidated Financial Statements discusses accounting standards recently issued but not yet required to be adopted and the expected impact of these changes in accounting standards. To the extent the adoption of new accounting standards materially affects the Company's financial condition or results of operations, the impacts are discussed in the applicable section(s) of the Management's Discussion and Analysis and the Notes to Consolidated Financial Statements.

Critical Accounting Policies

The accounting and reporting policies of the Company comply with accounting principles generally accepted in the United States and conform to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. The Company's financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding the Company's financial statements. Critical accounting policies are those policies management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information (including third-party sources or available prices), sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under GAAP. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee.

Significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements. Those policies considered to be critical accounting policies are described below.

Allowance for Credit Losses Management's evaluation of the appropriate allowance for credit losses is often the most critical of all the accounting estimates for a banking institution. It is an inherently subjective process impacted by many factors as discussed throughout the Management's Discussion and Analysis section of the Annual Report.

The methods utilized to estimate the allowance for credit losses, key assumptions and quantitative and qualitative information considered by management in determining the appropriate allowance for credit losses at December 31, 2022 are discussed in the "Credit Risk Management" section. Although methodologies utilized to determine each element of the allowance reflect management's assessment of credit risk, imprecision exists in these measurement tools due in part to subjective judgments involved and an inherent lag in the data available to quantify current conditions and events that affect credit loss reserve estimates.

Given the many quantitative variables and subjective factors affecting the credit portfolio, changes in the allowance for credit losses may not directly coincide with changes in risk ratings or delinquency status within loan and lease portfolios. This is in part due to the timing of the risk rating process in relation to changes in the business cycle, the exposure and mix of loans within risk rating categories, levels of nonperforming loans and the timing of charge-offs and expected recoveries. The allowance for credit losses measures the expected loss content on the remaining portfolio exposure, while nonperforming loans and net charge-offs are measures of specific impairment events that have already been confirmed. Therefore, the degree of change in the forward-looking expected loss in the allowance may differ from the level of changes in nonperforming loans and net charge-offs. Management maintains an appropriate allowance for credit losses by updating allowance rates to reflect changes in expected losses, including expected changes in economic or business cycle conditions. Some factors considered in determining the appropriate allowance for credit losses are more readily quantifiable while other factors require extensive qualitative judgment in determining the overall level of the allowance for credit losses.

The Company considers a range of economic scenarios in its determination of the allowance for credit losses. These scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses, and also the expectation that conditions will eventually normalize over the longer run. Scenarios worse than the Company's expected outcome at December 31, 2022 include risks that inflationary pressures persist longer than anticipated, which could precipitate a moderate to severe recession that increases credit losses.

Under the range of economic scenarios considered, the allowance for credit losses would have been lower by $1.4 billion or higher by $2.1 billion. This range reflects the sensitivity of the allowance for credit losses specifically related to the scenarios and weights considered as of December 31, 2022, and does not consider other potential adjustments that could increase or decrease loss estimates calculated using alternative economic scenarios.

Because several quantitative and qualitative factors are considered in determining the allowance for credit losses, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the allowance for credit losses. They are intended to provide insights into the impact of adverse changes in the economy on the Company's modeled loss estimates for the loan portfolio and do not imply any expectation of future deterioration in the risk rating or loss rates. Given current processes employed by the Company, management believes the risk ratings and loss model estimates currently assigned are appropriate. It is possible that others, given the same information,

may at any point in time reach different reasonable conclusions that could be significant to the Company's financial statements. Refer to the "Analysis and Determination of the Allowance for Credit Losses" section for further information.

Fair Value Estimates A portion of the Company's assets and liabilities are carried at fair value on the Consolidated Balance Sheet, with changes in fair value recorded either through earnings or other comprehensive income (loss) in accordance with applicable accounting principles generally accepted in the United States. These include all of the Company's available-for-sale investment securities, derivatives and other trading instruments, MSRs and MLHFS. The estimation of fair value also affects other loans held for sale, which are recorded at the lower-of-cost-or-fair value. The determination of fair value is important for certain other assets that are periodically evaluated for impairment using fair value estimates, including goodwill and other intangible assets, impaired loans, OREO and other repossessed assets. Refer to Note 3 of the Notes to Consolidated Financial Statements for additional information on fair value estimates of assets and liabilities assumed in the MUB acquisition.

Fair value is generally defined as the exit price at which an asset or liability could be exchanged in a current transaction between willing, unrelated parties, other than in a forced or liquidation sale. Fair value is based on quoted market prices in an active market, or if market prices are not available, is estimated using models employing techniques such as matrix pricing or discounting expected cash flows. The significant assumptions used in the models, which include assumptions for interest rates, discount rates, prepayments and credit losses, are independently verified against observable market data where possible. Where observable market data is not available, the estimate of fair value becomes more subjective and involves a high degree of judgment. In this circumstance, fair value is estimated based on management's judgment regarding the value that market participants would assign to the asset or liability. This valuation process takes into consideration factors such as market illiquidity. Imprecision in estimating these factors can impact the amount recorded on the balance sheet for a particular asset or liability with related impacts to earnings or other comprehensive income (loss).

When available, trading and available-for-sale securities are valued based on quoted market prices. However, certain securities are traded less actively and, therefore, quoted market prices may not be available. The determination of fair value may require benchmarking to similar instruments or performing a discounted cash flow analysis using estimates of future cash flows and prepayment, interest and default rates. For more information on investment securities, refer to Note 5 of the Notes to Consolidated Financial Statements.

As few derivative contracts are listed on an exchange, the majority of the Company's derivative positions are valued using valuation techniques that use readily observable market inputs. Certain derivatives, however, must be valued using techniques that include unobservable inputs. For these instruments, the significant assumptions must be estimated and, therefore, are subject to judgment. Note 20 of the Notes to Consolidated Financial Statements provides a summary of the Company's derivative positions.

Refer to Note 22 of the Notes to Consolidated Financial Statements for additional information regarding estimations of fair value.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained, or may be purchased from others. The Company records MSRs at fair value. Because MSRs do not trade in an active market with readily observable prices, the Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings during the period in which they occur. Risks inherent in the valuation of MSRs include higher than expected prepayment rates and/or delayed receipt of cash flows. The Company utilizes derivatives, including interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures, to mitigate the valuation risk. Refer to Notes 10 and 22 of the Notes to Consolidated Financial Statements for additional information on the assumptions used in determining the fair value of MSRs and an analysis of the sensitivity to changes in interest rates of the fair value of the MSRs portfolio and the related derivative instruments used to mitigate the valuation risk.

Income Taxes The Company estimates income tax expense based on amounts expected to be owed to the various tax jurisdictions in which it operates, including federal, state and local domestic jurisdictions, and an insignificant amount to foreign jurisdictions. The estimated income tax expense is reported in the Consolidated Statement of Income. Accrued taxes are reported in other assets or other liabilities on the Consolidated Balance Sheet and represent the net estimated amount due to or to be received from taxing jurisdictions either currently or deferred to future periods. Deferred taxes arise from differences between assets and liabilities measured for financial reporting purposes versus income tax reporting purposes. Deferred tax assets are recognized if, in management's judgment, their realizability is determined to be more likely than not. Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit management believes is more likely than not to be realized upon settlement. In estimating accrued taxes, the Company assesses the relative merits and risks of the appropriate tax treatment considering statutory, judicial and regulatory guidance in the context of the tax position. Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment given specific facts and circumstances. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions regarding the estimated amounts of accrued taxes.

Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by various taxing authorities, and newly enacted statutory, judicial and regulatory guidance that impacts the relative merits and risks of tax positions. These changes, when they occur, affect accrued taxes and can be significant to the operating results of the Company. Refer to Note 19 of the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Controls and Procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, which excluded the operations of MUB as noted in the Report of Management below, the principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

During the most recently completed fiscal quarter, there was no change made in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

As permitted by Securities and Exchange Commission-issued guidance that an assessment of internal controls over financial reporting of a recently acquired business may be excluded from management's evaluation of disclosure controls and procedures for up to a year from the date of acquisition, the Company has excluded MUB from management's reporting on internal control over financial reporting as of December 31, 2022 as MUB was acquired by the Company during 2022. The Company will continue to evaluate the effectiveness of internal controls over financial reporting as it completes the integration of MUB with the Company and will make changes to its internal control framework, as necessary. The acquisition of MUB contributed $81.4 billion of assets, or 12 percent of the Company's total assets, at December 31, 2022 and $281 million of revenue, or 1 percent of the Company's total revenue for the year ended December 31, 2022.

The annual report of the Company's management on internal control over financial reporting is provided on page 65. The audit report of Ernst & Young LLP, the Company's independent accountants, regarding the Company's internal control over financial reporting is provided on page 69.

Report of Management

Responsibility for the financial statements and other information presented throughout this Annual Report rests with the management of U.S. Bancorp. The Company believes the consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and present the substance of transactions based on the circumstances and management's best estimates and judgment.

In meeting its responsibilities for the reliability of the financial statements, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as defined by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of publicly filed financial statements in accordance with accounting principles generally accepted in the United States.

To test compliance, the Company carries out an extensive audit program. This program includes a review for compliance with written policies and procedures and a comprehensive review of the adequacy and effectiveness of the system of internal control. Although control procedures are designed and tested, it must be recognized that there are limits inherent in all systems of internal control and, therefore, errors and irregularities may nevertheless occur. Also, estimates and judgments are required to assess and balance the relative cost and expected benefits of the controls. Projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board of Directors of the Company has an Audit Committee composed of directors who are independent of U.S. Bancorp. The Audit Committee meets periodically with management, the internal auditors and the independent accountants to consider audit results and to discuss internal accounting control, auditing and financial reporting matters.

Management assessed the effectiveness of the Company's system of internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its Internal Control-Integrated Framework (2013 framework). Based on its assessment and those criteria, which excluded the operations of MUB as noted below, management believes the Company designed and maintained effective internal control over financial reporting as of December 31, 2022.

In conducting the evaluation of the effectiveness of its system of internal control over financial reporting as of December 31, 2022, the Company has excluded the operations of MUB as permitted by the guidance issued by the Office of the Chief Accountant of the Securities and Exchange Commission (not to extend more than one year beyond the date of the acquisition or for more than one annual reporting period). In conducting the evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2022, the Company has excluded those disclosure controls and procedures of MUB that are subsumed by the system of internal control over financial reporting. The acquisition of MUB was completed on December 1, 2022. As of and for the year ended December 31, 2022, MUB's assets represented approximately 12 percent of the Company's consolidated assets and its revenues represented approximately 1 percent of the Company's consolidated revenues. Refer to Note 3 of the Notes to Consolidated Financial Statements for further discussion of the acquisition and its impact on the Company's consolidated financial statements.

The Company's independent registered accountants, Ernst & Young LLP, have been engaged to render an independent professional opinion on the financial statements and issue an audit report on the Company's internal control over financial reporting. Their opinion on the financial statements appearing on pages 66 to 68 and their audit report on internal control over financial reporting appearing on page 69 are based on procedures conducted in accordance with auditing standards of the Public Company Accounting Oversight Board (United States).

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of U.S. Bancorp (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses

Description of the Matter

The Company's loan and lease portfolio and the associated allowance for credit losses (ACL), were $388.2 billion and $7.4 billion as of December 31, 2022, respectively. The provision for credit losses was $2.0 billion for the year ended December 31, 2022. As discussed in Notes 1 and 6 to the financial statements, the ACL is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments, by utilizing forward-looking expected loss models. When determining expected losses, the Company uses multiple probability weighted economic scenarios over a reasonable and supportable forecast period and then fully reverts to historical loss experience to estimate losses over the remaining asset lives. Model estimates are adjusted to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices or economic conditions that would affect the accuracy of the model. Additionally, management may adjust ACL for other qualitative factors such as model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolio segments, or changes in portfolio concentrations.

Auditing management's ACL estimate and related provision for credit losses was complex due to the highly judgmental nature of the probability weighted economic scenarios, expected loss models, as well as model and qualitative factor adjustments.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's process for establishing the ACL, including management's controls over: 1) selection and implementation of forward-looking economic scenarios and the probability weights assigned to them; 2) expected loss models, including model validation, implementation, monitoring, the completeness and accuracy of key inputs and assumptions used in the models, and management's output assessment and related adjustments; 3) adjustments to reflect management's consideration of qualitative factors; 4) the ACL methodology and governance process.

With the support of specialists, we assessed the economic scenarios and related probability weights by, among other procedures, evaluating management's methodology and agreeing a sample of key economic variables used to external sources. We also performed and considered the results of various sensitivity analyses and analytical procedures, including comparison of a sample of the key economic variables to alternative external sources, historical statistics and peer bank information.

With respect to expected loss models, with the support of specialists, we evaluated model calculation design and reperformed the calculation for a sample of models. We also tested the appropriateness of key inputs and assumptions used in these models by agreeing a sample of inputs to internal and external sources. As to model adjustments, with the support of specialists, we evaluated management's estimate methodology and assessment of factors that could potentially impact the accuracy of expected loss models. We also recalculated a sample of model adjustments and tested internal and external data used by agreeing a sample of inputs to internal and external sources.

Regarding the completeness of qualitative factors identified and incorporated into measuring the ACL, we evaluated the potential impact of imprecision in the expected loss models and economic scenario assumptions; emerging risks related to changes in the environment impacting specific portfolio segments and portfolio concentrations. We also evaluated and tested internal and external data used in the qualitative adjustments by agreeing significant inputs and underlying data to internal and external sources.

We evaluated the overall ACL amount, including model estimates and adjustments, qualitative factors adjustments, and whether the recorded ACL appropriately reflects expected credit losses on the loan and lease portfolio and unfunded credit commitments. We reviewed historical loss statistics, peer-bank information, subsequent events and transactions and considered whether they corroborate or contradict the Company's measurement of the ACL. We searched for and evaluated information that corroborates or contradicts management's forecasted assumptions and related probability weights as well as identification and measurement of adjustments to model estimates and qualitative factors.

Fair Value of Acquired Loans Recognized as Part of the Acquisition of MUFG Union Bank

Description of the Matter

As described in Note 3 to the consolidated financial statements, the Company acquired MUFG Union Bank (MUB) on December 1, 2022. The transaction has been accounted for as a business combination and accordingly, the assets acquired and liabilities assumed from MUB were recorded at fair value as of the acquisition date.

The fair value of loans acquired from MUB was approximately $53.0 billion as of December 1, 2022. As disclosed by the Company, the fair value of acquired loans is based on a discounted cash flow methodology that considers credit loss and prepayment expectations, market interest rates and other market factors, such as liquidity.

Auditing the Company's estimate of the fair value of acquired loans was complex due to the significant judgment required by management in developing the credit loss and prepayment expectations, and market interest rates used in the discounted cash flow methodology. This required a high degree of auditor judgment and effort in performing procedures and evaluating audit evidence obtained related to the significant judgments made by management and required the use of professionals with specialized skill and knowledge.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's process for estimating the acquired loans fair value, including management's controls over: 1) developing credit loss and prepayment expectations and establishing market interest rates used in the discounted cash flow methodology, and 2) completeness and accuracy of key inputs and assumptions used in the discounted cash flow methodology, including loan data.

To test the estimated fair value of acquired loans, our audit procedures included, among others, involving valuation specialists to assist us in testing management's methodology and significant assumptions used in measuring the fair value of the acquired loan portfolio. For example, we involved our specialists to develop, on a sample basis, independent expectations for credit losses, prepayments and market interest rates and compared management's assumptions to the independently developed ranges based on third party market data. Additionally, we tested, on a sample basis, completeness and accuracy of the underlying loan data provided by management that was used in the discounted cash flow model. Lastly, on a sample basis, we performed independent comparative calculations of the fair value adjustment to the acquired loans. We searched for and evaluated information that corroborates or contradicts management's selected assumptions, including current external economic information and historical Company-specific information.

Fair Value of Core Deposit Intangible Asset Recognized as Part of the MUB Acquisition

Description of the Matter

As described in Note 3 to the consolidated financial statements, the Company acquired MUB on December 1, 2022. The transaction has been accounted for as a business combination and accordingly, the assets acquired and liabilities assumed from MUB were recorded at fair value as of the acquisition date.

The fair value of the core deposit intangible (CDI) recognized was approximately $2.7 billion. To estimate the fair value of the CDI, management used a discounted cash flow methodology that considers estimates of deposit costs including cost of funds, net maintenance costs or servicing costs, client retention rates and alternative funding source costs, and a market discount rate.

How We Addressed the Matter in Our Audit

Auditing the Company's estimate of the CDI fair value was complex due to the significant judgment required by management in developing the estimated net maintenance costs, client retention rates and alternative funding source costs used in the discounted cash flow model. This required a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence obtained related to the significant judgments made by management and required the use of professionals with specialized skill and knowledge.

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's process for estimating the CDI fair value, including management's controls over: 1) developing net maintenance costs, client retention rates and alternative funding source cost assumptions used in the discounted cash flow model, and 2) completeness and accuracy of key inputs and significant assumptions used in the discounted cash flow model, including deposit data.

To test the estimated fair value of the CDI, our audit procedures included, among others, involving valuation specialists to assist us in testing management's discounted cash flow methodology and significant assumptions used in measuring the fair value of the CDI. For example, we involved our specialists to develop independent expectations for net maintenance costs, client retention rates and alternative funding source costs, and compared management's assumptions to our independently developed ranges. Additionally, we tested the completeness and accuracy of the deposit data used in the discounted cash flow model. We searched for and evaluated information that corroborates or contradicts management's selected significant assumptions, including current external economic and historical Company-specific information.

Ernst + Young LLP

We have served as the Company's auditor since 2003.

Minneapolis, Minnesota
February 27, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on Internal Control over Financial Reporting

We have audited U.S. Bancorp's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, U.S. Bancorp (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

As indicated in the accompanying Report of Management, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of MUFG Union Bank, which is included in the 2022 consolidated financial statements of the Company and constituted 12% of total assets and 1% of revenue, as of and for the year ended December 31, 2022. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of MUFG Union Bank.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Minneapolis, Minnesota
February 27, 2023

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U.S. Bancorp
Consolidated Balance Sheet

At December 31 (Dollars in Millions)	2022	2021
Assets		
Cash and due from banks	$ 53,542	$ 28,905
Investment securities		
Held-to-maturity (fair value $77,874 and $41,812, respectively)	88,740	41,858
Available-for-sale ($858 and $557 pledged as collateral, respectively)[a]	72,910	132,963
Loans held for sale (including $1,849 and $6,623 of mortgage loans carried at fair value, respectively)	2,200	7,775
Loans		
Commercial	135,690	112,023
Commercial real estate	55,487	39,053
Residential mortgages	115,845	76,493
Credit card	26,295	22,500
Other retail	54,896	61,959
Total loans	388,213	312,028
Less allowance for loan losses	(6,936)	(5,724)
Net loans	381,277	306,304
Premises and equipment	3,858	3,305
Goodwill	12,373	10,262
Other intangible assets	7,155	3,738
Other assets (including $702 and $1,193 of trading securities at fair value pledged as collateral, respectively)[a]	52,750	38,174
Total assets	$674,805	$573,284
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$137,743	$134,901
Interest-bearing	387,233	321,182
Total deposits	524,976	456,083
Short-term borrowings	31,216	11,796
Long-term debt	39,829	32,125
Other liabilities	27,552	17,893
Total liabilities	623,573	517,897
Shareholders' equity		
Preferred stock	6,808	6,371
Common stock, par value $0.01 a share — authorized: 4,000,000,000 shares; issued: 2022 and 2021— 2,125,725,742 shares	21	21
Capital surplus	8,712	8,539
Retained earnings	71,901	69,201
Less cost of common stock in treasury: 2022 — 594,747,484 shares; 2021 — 642,223,571 shares	(25,269)	(27,271)
Accumulated other comprehensive income (loss)	(11,407)	(1,943)
Total U.S. Bancorp shareholders' equity	50,766	54,918
Noncontrolling interests	466	469
Total equity	51,232	55,387
Total liabilities and equity	$674,805	$573,284

(a) Includes only collateral pledged by the Company where counterparties have the right to sell or pledge the collateral.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Income

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2022	2021	2020
Interest Income			
Loans	$13,603	$10,747	$12,018
Loans held for sale	201	232	216
Investment securities	3,378	2,365	2,428
Other interest income	763	143	178
Total interest income	17,945	13,487	14,840
Interest Expense			
Deposits	1,872	320	950
Short-term borrowings	565	70	141
Long-term debt	780	603	924
Total interest expense	3,217	993	2,015
Net interest income	14,728	12,494	12,825
Provision for credit losses	1,977	(1,173)	3,806
Net interest income after provision for credit losses	12,751	13,667	9,019
Noninterest Income			
Card revenue	1,512	1,507	1,338
Corporate payment products revenue	698	575	497
Merchant processing services	1,579	1,449	1,261
Trust and investment management fees	2,209	1,832	1,736
Service charges	1,298	1,338	1,245
Commercial products revenue	1,105	1,102	1,143
Mortgage banking revenue	527	1,361	2,064
Investment products fees	235	239	192
Securities gains (losses), net	20	103	177
Other	273	721	748
Total noninterest income	9,456	10,227	10,401
Noninterest Expense			
Compensation and employee benefits	9,157	8,728	7,938
Net occupancy and equipment	1,096	1,048	1,092
Professional services	529	492	430
Marketing and business development	456	366	318
Technology and communications	1,726	1,728	1,582
Other intangibles	215	159	176
Merger and integration charges	329	–	–
Other	1,398	1,207	1,833
Total noninterest expense	14,906	13,728	13,369
Income before income taxes	7,301	10,166	6,051
Applicable income taxes	1,463	2,181	1,066
Net income	5,838	7,985	4,985
Net (income) loss attributable to noncontrolling interests	(13)	(22)	(26)
Net income attributable to U.S. Bancorp	$ 5,825	$ 7,963	$ 4,959
Net income applicable to U.S. Bancorp common shareholders	$ 5,501	$ 7,605	$ 4,621
Earnings per common share	$ 3.69	$ 5.11	$ 3.06
Diluted earnings per common share	$ 3.69	$ 5.10	$ 3.06
Average common shares outstanding	1,489	1,489	1,509
Average diluted common shares outstanding	1,490	1,490	1,510

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Comprehensive Income

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Net income	$ 5,838	$ 7,985	$4,985
Other Comprehensive Income (Loss)			
Changes in unrealized gains (losses) on investment securities available-for-sale	(13,656)	(3,698)	2,905
Changes in unrealized gains (losses) on derivative hedges	(75)	125	(194)
Foreign currency translation	(10)	35	2
Changes in unrealized gains (losses) on retirement plans	526	400	(401)
Reclassification to earnings of realized (gains) losses	544	104	(42)
Income taxes related to other comprehensive income (loss)	3,207	769	(575)
Total other comprehensive income (loss)	(9,464)	(2,265)	1,695
Comprehensive income (loss)	(3,626)	5,720	6,680
Comprehensive (income) loss attributable to noncontrolling interests	(13)	(22)	(26)
Comprehensive income (loss) attributable to U.S. Bancorp	$ (3,639)	$ 5,698	$6,654

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Shareholders' Equity

	U.S. Bancorp Shareholders									
(Dollars and Shares in Millions, Except Per Share Data)	Common Shares Outstanding	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total U.S. Bancorp Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance December 31, 2019	1,534	$ 5,984	$21	$8,475	$63,186	$(24,440)	$ (1,373)	$51,853	$ 630	$52,483
Change in accounting principle[a]					(1,099)			(1,099)		(1,099)
Net income (loss)					4,959			4,959	26	4,985
Other comprehensive income (loss)							1,695	1,695		1,695
Preferred stock dividends[b]					(304)			(304)		(304)
Common stock dividends ($1.68 per share)					(2,541)			(2,541)		(2,541)
Issuance of preferred stock		486						486		486
Call of preferred stock		(487)			(13)			(500)		(500)
Issuance of common and treasury stock	4			(154)		171		17		17
Purchase of treasury stock	(31)					(1,661)		(1,661)		(1,661)
Distributions to noncontrolling interests								—	(25)	(25)
Net other changes in noncontrolling interests								—	(1)	(1)
Stock option and restricted stock grants				190				190		190
Balance December 31, 2020	1,507	$ 5,983	$21	$8,511	$64,188	$(25,930)	$ 322	$53,095	$ 630	$53,725
Net income (loss)					7,963			7,963	22	7,985
Other comprehensive income (loss)							(2,265)	(2,265)		(2,265)
Preferred stock dividends[c]					(303)			(303)		(303)
Common stock dividends ($1.76 per share)					(2,630)			(2,630)		(2,630)
Issuance of preferred stock		2,221						2,221		2,221
Call and redemption of preferred stock		(1,833)			(17)			(1,850)		(1,850)
Issuance of common and treasury stock	5			(169)		215		46		46
Purchase of treasury stock	(28)					(1,556)		(1,556)		(1,556)
Distributions to noncontrolling interests								—	(20)	(20)
Purchase of noncontrolling interests								—	(167)	(167)
Net other changes in noncontrolling interests								—	4	4
Stock option and restricted stock grants				197				197		197
Balance December 31, 2021	1,484	$ 6,371	$21	$8,539	$69,201	$(27,271)	$ (1,943)	$54,918	$ 469	$55,387
Net income (loss)					5,825			5,825	13	5,838
Other comprehensive income (loss)							(9,464)	(9,464)		(9,464)
Preferred stock dividends[d]					(296)			(296)		(296)
Common stock dividends ($1.88 per share)					(2,829)			(2,829)		(2,829)
Issuance of preferred stock		437						437		437
Issuance of common and treasury stock	48			(32)		2,071		2,039		2,039
Purchase of treasury stock	(1)					(69)		(69)		(69)
Distributions to noncontrolling interests								—	(13)	(13)
Net other changes in noncontrolling interests								—	(3)	(3)
Stock option and restricted stock grants				205				205		205
Balance December 31, 2022	1,531	$ 6,808	$21	$8,712	$71,901	$(25,269)	$(11,407)	$50,766	$ 466	$51,232

(a) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses. Upon adoption, the Company increased its allowance for credit losses and reduced retained earnings net of deferred taxes through a cumulative-effect adjustment.

(b) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J, Series K and Series L Non-Cumulative Perpetual Preferred Stock of $3,558.332, $889.58, $1,625.00, $1,287.52, $1,281.25, $1,325.00, $1,375.00 and $203.13, respectively.

(c) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series I, Series J, Series K, Series L, Series M and Series N Non-Cumulative Perpetual Preferred Stock of $3,548.61, $887.153, $1,625.00, $232.953, $1,325.00, $1,375.00, $937.50, $952.778 and $202.986, respectively.

(d) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N and Series O Non-Cumulative Perpetual Preferred Stock of $3,965.458, $962.487, $1,325.00, $1,375.00, $937.50, $1,000.00, $925.00, and $1,050.00, respectively.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Operating Activities			
Net income attributable to U.S. Bancorp	$ 5,825	$ 7,963	$ 4,959
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	1,977	(1,173)	3,806
Depreciation and amortization of premises and equipment	345	338	351
Amortization of intangibles	215	159	176
(Gain) loss on sale of loans held for sale	387	(1,135)	(2,193)
(Gain) loss on sale of securities and other assets	(188)	(398)	(344)
Loans originated for sale, net of repayments	(33,127)	(72,627)	(67,449)
Proceeds from sales of loans held for sale	38,895	74,315	65,468
Other, net	6,790	2,428	(1,058)
Net cash provided by operating activities	21,119	9,870	3,716
Investing Activities			
Proceeds from sales of available-for-sale investment securities	36,391	16,075	15,596
Proceeds from maturities of held-to-maturity investment securities	5,759	1,093	—
Proceeds from maturities of available-for-sale investment securities	14,927	41,199	40,639
Purchases of held-to-maturity investment securities	(7,091)	(1,088)	—
Purchases of available-for-sale investment securities	(24,592)	(99,045)	(68,662)
Net (increase) decrease in loans outstanding	(27,318)	(17,459)	6,350
Proceeds from sales of loans	4,420	6,183	2,250
Purchases of loans	(2,113)	(4,466)	(11,622)
Net decrease in securities purchased under agreements to resell	252	18	645
Net cash received from (paid for) acquisitions	12,257	(661)	(556)
Other, net	(5,392)	664	(80)
Net cash provided by (used in) investing activities	7,500	(57,487)	(15,440)
Financing Activities			
Net (decrease) increase in deposits	(17,215)	26,313	67,854
Net increase (decrease) in short-term borrowings	15,213	30	(11,957)
Proceeds from issuance of long-term debt	8,732	2,626	14,501
Principal payments or redemption of long-term debt	(6,926)	(11,432)	(14,476)
Proceeds from issuance of preferred stock	437	2,221	486
Proceeds from issuance of common stock	21	43	15
Repurchase of preferred stock	(1,100)	(1,250)	—
Repurchase of common stock	(69)	(1,555)	(1,672)
Cash dividends paid on preferred stock	(299)	(308)	(300)
Cash dividends paid on common stock	(2,776)	(2,579)	(2,552)
Purchase of noncontrolling interests	—	(167)	—
Net cash (used in) provided by financing activities	(3,982)	13,942	51,899
Change in cash and due from banks	24,637	(33,675)	40,175
Cash and due from banks at beginning of period	28,905	62,580	22,405
Cash and due from banks at end of period	$ 53,542	$ 28,905	$ 62,580
Supplemental Cash Flow Disclosures			
Cash paid for income taxes	$ 767	$ 535	$ 1,025
Cash paid for interest	2,717	1,061	2,199
Noncash transfer of available-for-sale investment securities to held-to-maturity	40,695	41,823	—
Net noncash transfers to foreclosed property	23	14	23
Acquisitions			
Assets (sold) acquired	$106,209	$ 749	$ 828
Liabilities sold (assumed)	(95,753)	(88)	(272)
Net	$ 10,456	$ 661	$ 556

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1 Significant Accounting Policies

U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp and its subsidiaries (the "Company") provide a full range of financial services, including lending and depository services through banking offices principally in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company also engages in credit card, merchant, and ATM processing, mortgage banking, cash management, capital markets, insurance, trust and investment management, brokerage, and leasing activities, principally in domestic markets.

Basis of Presentation The consolidated financial statements include the accounts of the Company and its subsidiaries and all variable interest entities ("VIEs") for which the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. Consolidation eliminates intercompany accounts and transactions. Certain items in prior periods have been reclassified to conform to the current period presentation.

On December 1, 2022, the Company acquired MUB's core regional banking franchise from Mitsubishi UFJ Financial Group, Inc. The Company's results for the year ended December 31, 2022 reflect MUB's business operations for the month of December 2022 and the Company's Consolidated Balance Sheet at December 31, 2022 includes MUB's balances. Refer to Note 3 for additional information on this acquisition.

Uses of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual experience could differ from those estimates and assumptions.

Securities

Realized gains or losses on securities are determined on a trade date basis based on the specific amortized cost of the investments sold.

Trading Securities Securities held for resale are classified as trading securities and are included in other assets and reported at fair value. Changes in fair value and realized gains or losses are reported in noninterest income.

Available-for-sale Securities Debt securities that are not trading securities but may be sold before maturity in response to changes in the Company's interest rate risk profile, funding needs, demand for collateralized deposits by public entities or other reasons, are carried at fair value with unrealized net gains or losses reported within other comprehensive income (loss). Declines in fair value related to credit, if any, are recorded through the establishment of an allowance for credit losses.

Held-to-maturity Securities Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at historical cost adjusted for amortization of premiums and accretion of discounts. Expected credit losses, if any, are recorded through the establishment of an allowance for credit losses.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase Securities purchased under agreements to resell and securities sold under agreements to repurchase are accounted for as collateralized financing transactions with a receivable or payable recorded at the amounts at which the securities were acquired or sold, plus accrued interest. Collateral requirements are continually monitored and additional collateral is received or provided as required. The Company records a receivable or payable for cash collateral paid or received.

Equity Investments

Equity investments in entities where the Company has a significant influence (generally between 20 percent and 50 percent ownership), but does not control the entity, are accounted for using the equity method. Investments in limited partnerships and similarly structured limited liability companies where the Company's ownership interest is greater than 5 percent are accounted for using the equity method. Equity investments not using the equity method are accounted for at fair value with changes in fair value and realized gains or losses reported in noninterest income, unless fair value is not readily determinable, in which case the investment is carried at cost subject to adjustments for any observable market transactions on the same or similar instruments of the investee. Most of the Company's equity investments do not have readily determinable fair values. All equity investments are evaluated for impairment at least annually and more frequently if certain criteria are met.

Loans

The Company offers a broad array of lending products and categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending. The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans.

Originated Loans Held for Investment Loans the Company originates as held for investment are reported at the principal amount outstanding, net of unearned interest income and deferred fees and costs, and any direct principal charge-offs. Interest income is accrued on the unpaid principal balances as earned. Loan and commitment fees and certain direct loan origination costs are deferred and recognized over the life of the loan and/or commitment period as yield adjustments.

Purchased Loans All purchased loans are recorded at fair value at the date of purchase and those acquired on or after January 1, 2020 are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered PCD. An allowance for credit losses is established for each population and considers product mix, risk characteristics of the portfolio, delinquency status and refreshed loan-to-value ratios when possible. The allowance established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance.

Commitments to Extend Credit Unfunded commitments for residential mortgage loans intended to be held for sale are considered derivatives and recorded in other assets and other liabilities on the Consolidated Balance Sheet at fair value with changes in fair value recorded in noninterest income. All other unfunded loan commitments are not considered derivatives and are not reported on the Consolidated Balance Sheet. Reserves for credit exposure on all other unfunded credit commitments are recorded in other liabilities.

Allowance for Credit Losses Beginning January 1, 2020, the allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs. Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis.

Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which includes increasing consideration of historical loss experience over years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates, from better to worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consideration of economic forecast uncertainty. Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, real estate prices, gross domestic product levels, inflation, interest rates and corporate bonds spreads, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that would affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses. The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate.

The allowance recorded for Troubled Debt Restructuring ("TDR") loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the fair value of the collateral less costs to sell. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. For smaller commercial loans collectively evaluated for impairment, historical loss experience is also incorporated into the allowance methodology applied to this category of loans.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various

loan portfolios. As a result, amounts determined under the methodologies described above, are adjusted by management to consider the potential impact of other qualitative factors not captured in the quantitative model adjustments which include, but are not limited to the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The Company also assesses the credit risk associated with off-balance sheet loan commitments, letters of credit, investment securities and derivatives. Credit risk associated with derivatives is reflected in the fair values recorded for those positions. The liability for off-balance sheet credit exposure related to loan commitments and other credit guarantees is included in other liabilities. Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each specific loan portfolio, as well as the entire loan portfolio, as the entire allowance for credit losses is available for the entire loan portfolio.

Prior to January 1, 2020, the allowance for credit losses was established based on an incurred loss model. The allowance recorded for loans in the commercial lending segment was based on the migration analysis of commercial loans and actual loss experience. The allowance recorded for loans in the consumer lending segment was determined on a homogenous pool basis and primarily included consideration of delinquency status and historical losses. In addition to the amounts determined under the methodologies described above, management also considered the potential impact of qualitative factors.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company.

For all loan portfolio classes, loans are considered past due based on the number of days delinquent except for monthly amortizing loans which are classified delinquent based upon the number of contractually required payments not made (for example, two missed payments is considered 30 days delinquent). When a loan is placed on nonaccrual status, unpaid accrued interest is reversed, reducing interest income in the current period.

Commercial lending segment loans are generally placed on nonaccrual status when the collection of principal and interest has become 90 days past due or is otherwise considered doubtful. Commercial lending segment loans are generally fully charged down if unsecured by collateral or partially charged down to the fair value of the collateral securing the loan, less costs to sell, when the loan is placed on nonaccrual.

Consumer lending segment loans are generally charged-off at a specific number of days or payments past due. Residential mortgages and other retail loans secured by 1-4 family properties are generally charged down to the fair value of the collateral securing the loan, less costs to sell, at 180 days past due. Residential mortgage loans and lines in a first lien position are placed on nonaccrual status in instances where a partial charge-off occurs unless the loan is well secured and in the process of collection. Residential mortgage loans and lines in a junior lien position secured by 1-4 family properties are placed on nonaccrual status at 120 days past due or when they are behind a first lien that has become 180 days or greater past due or placed on nonaccrual status. Any secured consumer lending segment loan whose borrower has had debt discharged through bankruptcy, for which the loan amount exceeds the fair value of the collateral, is charged down to the fair value of the related collateral and the remaining balance is placed on nonaccrual status. Credit card loans continue to accrue interest until the account is charged-off. Credit cards are charged-off at 180 days past due. Other retail loans not secured by 1-4 family properties are charged-off at 120 days past due; and revolving consumer lines are charged-off at 180 days past due. Similar to credit cards, other retail loans are generally not placed on nonaccrual status because of the relative short period of time to charge-off. Certain retail customers having financial difficulties may have the terms of their credit card and other loan agreements modified to require only principal payments and, as such, are reported as nonaccrual.

For all loan classes, interest payments received on nonaccrual loans are generally recorded as a reduction to a loan's carrying amount while a loan is on nonaccrual and are recognized as interest income upon payoff of the loan. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible. In certain circumstances, loans in any class may be restored to accrual status, such as when a loan has demonstrated sustained repayment performance or no amounts are past due and prospects for future payment are no longer in doubt; or when the loan becomes well secured and is in the process of collection. Loans where there has been a partial charge-off may be returned to accrual status if all principal and interest (including amounts previously charged-off) is expected to be collected and the loan is current.

The Company classifies its loan portfolio classes using internal credit quality ratings on a quarterly basis. These ratings include pass, special mention and classified, and are an important part of the Company's overall credit risk management process and evaluation of the allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Special mention loans are those loans that have a potential weakness deserving management's close attention. Classified loans are those loans where a well-defined weakness has been identified that may put full collection of contractual cash flows at risk. It is possible that others, given the same information,

may reach different reasonable conclusions regarding the credit quality rating classification of specific loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in payments to be received. The Company recognizes interest on TDRs if the borrower complies with the revised terms and conditions as agreed upon with the Company and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. To the extent a previous restructuring was insignificant, the Company considers the cumulative effect of past restructurings related to the receivable when determining whether a current restructuring is a TDR.

The Company has implemented certain restructuring programs that may result in TDRs. However, many of the Company's TDRs are also determined on a case-by-case basis in connection with ongoing loan collection processes.

For the commercial lending segment, modifications generally result in the Company working with borrowers on a case-by-case basis. Commercial and commercial real estate modifications generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate, which may not be deemed a market interest rate. In addition, the Company may work with the borrower in identifying other changes that mitigate loss to the Company, which may include additional collateral or guarantees to support the loan. To a lesser extent, the Company may waive contractual principal. The Company classifies all of the above concessions as TDRs to the extent the Company determines that the borrower is experiencing financial difficulty.

Modifications for the consumer lending segment are generally part of programs the Company has initiated. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, or its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extension of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers experiencing financial difficulty with modifications whereby balances may be amortized up to 60 months, and generally include waiver of fees and reduced interest rates.

In addition, the Company considers secured loans to consumer borrowers that have debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs.

Leases The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases, primarily automobiles, have 3 to 5 year terms. Commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment. At lease inception, retail lease customers may be provided with an end-of-term purchase option, which is based on the contractual residual value of the automobile at the expiration of the lease. Automobile leases do not typically contain options to extend or terminate the lease. Equipment leases may contain various types of purchase options. Some option amounts are a stated value, while others are determined using the fair market value at the time of option exercise.

Residual values on leased assets are reviewed regularly for impairment. Residual valuations for retail leases are based on independent assessments of expected used automobile sale prices at the end of the lease term. Impairment tests are conducted based on these valuations considering the probability of the lessee returning the asset to the Company, re-marketing efforts, insurance coverage and ancillary fees and costs. Valuations for commercial leases are based upon external or internal management appraisals. The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Retail lease residual value risk is mitigated further by the purchase of residual value insurance coverage and effective end-of-term marketing of off-lease vehicles.

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a lease liability and a corresponding right of use ("ROU") asset. The Company accounts for the lease and non-lease components in the majority of its lease contracts as a single lease component, with the determination of the lease liability at lease inception based on the present value of the consideration to be paid under the contract. The discount rate used by the Company is determined at commencement of the lease using a secured rate for a similar term as the period of the lease. The Company's leases do not include significant variable lease payments.

Certain of the Company's real estate leases include options to extend. Lease extension options are generally exercisable at market rates. Such option periods do not provide a significant incentive, and their exercise is not reasonably certain.

Accordingly, the Company does not generally recognize payments occurring during option periods in the calculation of its ROU assets and lease liabilities.

Other Real Estate Other real estate owned ("OREO") is included in other assets, and is property acquired through foreclosure or other proceedings on defaulted loans. OREO is initially recorded at fair value, less estimated selling costs. The fair value of OREO is evaluated regularly and any decreases in value along with holding costs, such as taxes and insurance, are reported in noninterest expense.

Loans Held For Sale

Loans held for sale ("LHFS") represent mortgage loans intended to be sold in the secondary market and other loans that management has an active plan to sell. LHFS are carried at the lower-of-cost-or-fair value as determined on an aggregate basis by type of loan with the exception of loans for which the Company has elected fair value accounting, which are carried at fair value. Any writedowns to fair value upon the transfer of loans to LHFS are reflected in loan charge-offs.

Where an election is made to carry the LHFS at fair value, any change in fair value is recognized in noninterest income. Where an election is made to carry LHFS at lower-of-cost-or-fair value, any further decreases are recognized in noninterest income and increases in fair value above the loan cost basis are not recognized until the loans are sold. Fair value elections are made at the time of origination or purchase based on the Company's fair value election policy. The Company has elected fair value accounting for substantially all its mortgage loans held for sale ("MLHFS").

Derivative Financial Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. Derivative instruments are reported in other assets or other liabilities at fair value. Changes in a derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

All derivative instruments that qualify and are designated for hedge accounting are recorded at fair value and classified as either a hedge of the fair value of a recognized asset or liability ("fair value hedge"); a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"); or a hedge of the volatility of a net investment in foreign operations driven by changes in foreign currency exchange rates ("net investment hedge"). Changes in the fair value of a derivative that is highly effective and designated as a fair value hedge, and the offsetting changes in the fair value of the hedged item, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and designated as a cash flow hedge are recorded in other comprehensive income (loss) until cash flows of the hedged item are realized. Changes in the fair value of net investment hedges that are highly effective are recorded in other comprehensive income (loss). The Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss).

Revenue Recognition

In the ordinary course of business, the Company recognizes income derived from various revenue generating activities. Certain revenues are generated from contracts where they are recognized when, or as services or products are transferred to customers for amounts the Company expects to be entitled. Revenue generating activities related to financial assets and liabilities are also recognized, including mortgage servicing fees, loan commitment fees, foreign currency remeasurements, and gains and losses on securities, equity investments and unconsolidated subsidiaries. Certain specific policies include the following:

Card Revenue Card revenue includes interchange from credit and debit cards processed through card association networks, annual fees, and other transaction and account management fees. Interchange rates are generally set by the card associations and based on purchase volumes and other factors. The Company records interchange as services are provided. Transaction and account management fees are recognized as services are provided, except for annual fees which are recognized over the applicable period. Costs for rewards programs and certain payments to partners and card associations are also recorded within card revenue when services are provided. The Company predominately records card revenue within the Payment Services line of business.

Corporate Payment Products Revenue Corporate payment products revenue primarily includes interchange from commercial card products processed through card association networks and revenue from proprietary network transactions. The Company records corporate payment products revenue as services are provided. Certain payments to card associations and customers are also recorded within corporate payment products revenue as services are provided. Corporate payment products revenue is recorded within the Payment Services line of business.

Merchant Processing Services Merchant processing services revenue consists principally of merchant discount and other

transaction and account management fees charged to merchants for the electronic processing of card association network transactions, less interchange paid to the card-issuing bank, card association assessments, and revenue sharing amounts. All of these are recognized at the time the merchant's services are performed. The Company may enter into revenue sharing agreements with referral partners or in connection with purchases of merchant contracts from sellers. The revenue sharing amounts are determined primarily on sales volume processed or revenue generated for a particular group of merchants. Merchant processing revenue also includes revenues related to point-of-sale equipment recorded as sales when the equipment is shipped or as earned for equipment rentals. The Company records merchant processing services revenue within the Payment Services line of business.

Trust and Investment Management Fees Trust and investment management fees are recognized over the period in which services are performed and are based on a percentage of the fair value of the assets under management or administration, fixed based on account type, or transaction-based fees. Services provided to clients include trustee, transfer agent, custodian, fiscal agent, escrow, fund accounting and administration services. Services provided to mutual funds may include selling, distribution and marketing services. Trust and investment management fees are predominately recorded within the Wealth Management and Investment Services line of business.

Service Charges Service charges include fees received on deposit accounts under depository agreements with customers to provide access to deposited funds, serve as a custodian of funds, and when applicable, pay interest on deposits. Checking or savings accounts may contain fees for various services used on a day-to-day basis by a customer. Fees are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Service charges also include revenue generated from ATM transaction processing and settlement services which is recognized at the time the services are performed. Certain payments to partners and card associations related to ATM processing services are also recorded within service charges as services are provided. Further, revenue generated from treasury management services are included in service charges and include fees for a broad range of products and services that enable customers to manage their cash more efficiently. These products and services include cash and investment management, receivables management, disbursement services, funds transfer services, and information reporting. Treasury management revenue is recognized as products and services are provided to customers. The Company reflects a discount calculated on monthly average collected customer balances. Service charges are reported primarily within the Corporate and Commercial Banking and Consumer and Business Banking lines of business.

Commercial Products Revenue Commercial products revenue primarily includes revenue related to ancillary services provided to Corporate and Commercial Banking and Consumer and Business Banking customers, including standby letter of credit fees, non-yield related loan fees, capital markets related revenue, sales of direct financing leases, and loan and syndication fees. Sales of direct financing leases are recognized at the point of sale. In addition, the Company may lead or participate with a group of underwriters in raising investment capital on behalf of securities issuers and charge underwriting fees. These fees are recognized at securities issuance. The Company, in its role as lead underwriter, arranges deal structuring and use of outside vendors for the underwriting group. The Company recognizes only those fees and expenses related to its underwriting commitment.

Mortgage Banking Revenue Mortgage banking revenue includes revenue derived from mortgages originated and subsequently sold, generally with servicing retained. The primary components include: gains and losses on mortgage sales; servicing revenue; changes in fair value for mortgage loans originated with the intent to sell and measured at fair value under the fair value option; changes in fair value for derivative commitments to purchase and originate mortgage loans; changes in the fair value of mortgage servicing rights ("MSRs"); and the impact of risk management activities associated with the mortgage origination pipeline, funded loans and MSRs. Net interest income from mortgage loans is recorded in interest income. Refer to Other Significant Policies in Note 1, as well as Note 10 and Note 22 for a further discussion of MSRs. Mortgage banking revenue is reported within the Consumer and Business Banking line of business.

Investment Products Fees Investment products fees include commissions related to the execution of requested security trades, distribution fees from sale of mutual funds, and investment advisory fees. Commissions and investment advisory fees are recognized as services are delivered to and utilized by the customer. Distribution fees are received over time, are dependent on the consumer maintaining their mutual fund asset position and the value of such position. These revenues are estimated and recognized at the point a significant reversal of revenue becomes remote. Investment products fees are predominately reported within the Wealth Management and Investment Services line of business.

Other Noninterest Income Other noninterest income is primarily related to financial assets including income on unconsolidated subsidiaries and equity method investments, gains on sale of other investments and corporate owned life insurance proceeds. The Company reports other noninterest income across all lines of business.

Other Significant Policies

Goodwill and Other Intangible Assets Goodwill is recorded on acquired businesses if the purchase price exceeds the fair value of the net assets acquired. Goodwill is not amortized but is subject, at a minimum, to annual tests for impairment at a reporting unit level. In certain situations, an interim impairment test may be required if events occur or circumstances change that would more likely than not reduce the fair value of a reporting

unit below its carrying amount. Determining the amount of goodwill impairment, if any, includes assessing whether the carrying value of a reporting unit exceeds its fair value. Other intangible assets are recorded at their fair value upon completion of a business acquisition or certain other transactions, and generally represent the value of customer contracts or relationships. Other intangible assets are amortized over their estimated useful lives, using straight-line and accelerated methods and are reviewed for impairment when indicators of impairment are present. Determining the amount of other intangible asset impairment, if any, includes assessing the present value of the estimated future cash flows associated with the intangible asset and comparing it to the carrying amount of the asset.

Income Taxes Deferred taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting carrying amounts. The Company uses the deferral method of accounting on investments that generate investment tax credits. Under this method, the investment tax credits are recognized as a reduction to the related asset. For certain investments in qualified affordable housing projects, the Company presents the expense in tax expense rather than noninterest expense.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained or if they are purchased from others. MSRs are recorded at fair value. The Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings as mortgage banking revenue during the period in which they occur.

Pensions For purposes of its pension plans, the Company utilizes its fiscal year-end as the measurement date. At the measurement date, plan assets are determined based on fair value, generally representing observable market prices or the net asset value provided by the funds' trustee or administrator. The actuarial cost method used to compute the pension liabilities and related expense is the projected unit credit method. The projected benefit obligation is principally determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the investment yield of high quality corporate bonds available in the marketplace with maturities equal to projected cash flows of future benefit payments as of the measurement date. Periodic pension expense (or income) includes service costs, interest costs based on the assumed discount rate, the expected return on plan assets based on an actuarially derived market-related value and amortization of actuarial gains and losses. Service cost is included in compensation and employee benefits expense on the Consolidated Statement of Income, with all other components of periodic pension expense included in other noninterest expense on the Consolidated Statement of Income. Pension accounting reflects the long-term nature of benefit obligations and the investment horizon of plan assets, and can have the effect of reducing earnings volatility related to short-term changes in interest rates and market valuations. Actuarial gains and losses include the impact of plan amendments and various unrecognized gains and losses which are deferred, and to the extent exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets, are amortized over the future service periods of active employees or the remaining life expectancies of inactive participants. The market-related value utilized to determine the expected return on plan assets is based on fair value adjusted for the difference between expected returns and actual performance of plan assets. The unrealized difference between actual experience and expected returns is included in expense over a period of approximately 15 years for active employees and approximately 30 years for inactive participants. The overfunded or underfunded status of each plan is recorded as an asset or liability on the Consolidated Balance Sheet, with changes in that status recognized through other comprehensive income (loss).

Premises and Equipment Premises and equipment are stated at cost less accumulated depreciation and depreciated primarily on a straight-line basis over the estimated life of the assets. Estimated useful lives range up to 40 years for newly constructed buildings and from 3 to 25 years for furniture and equipment.

The Company, as lessee, records an ROU asset for each lease with an original term greater than 12 months. ROU assets are included in premises and equipment, with the corresponding lease liabilities included in long-term debt and other liabilities.

Capitalized Software The Company capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life and reviewed for impairment on an ongoing basis. Estimated useful lives are generally 3 to 5 years, but may range up to 7 years.

Stock-Based Compensation The Company grants stock-based awards, which may include restricted stock, restricted stock units and options to purchase common stock of the Company. Stock option grants are for a fixed number of shares to employees and directors with an exercise price equal to the fair value of the shares at the date of grant. Restricted stock and restricted stock unit grants are awarded at no cost to the recipient. Stock-based compensation for awards is recognized in the Company's results of operations over the vesting period. The Company immediately recognizes compensation cost of awards to employees that meet retirement status, despite their continued active employment. The amortization of stock-based compensation reflects estimated forfeitures adjusted for actual forfeiture experience. As compensation expense is recognized, a deferred tax asset is recorded that represents an estimate of the future tax deduction from exercise or release of restrictions. At the time stock-based awards are exercised, cancelled, expire, or restrictions are released, the Company may be required to

recognize an adjustment to tax expense, depending on the market price of the Company's common stock at that time.

Per Share Calculations Earnings per common share is calculated using the two-class method under which earnings are allocated to common shareholders and holders of participating securities. Unvested stock-based compensation awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities under the two-class method. Net income applicable to U.S. Bancorp common shareholders is then divided by the weighted-average number of common shares outstanding to determine earnings per common share. Diluted earnings per common share is calculated by adjusting income and outstanding shares, assuming conversion of all potentially dilutive securities.

NOTE 2 Accounting Changes

Reference Interest Rate Transition In March 2020, the Financial Accounting Standards Board ("FASB") issued accounting guidance, providing temporary optional expedients and exceptions to the guidance in United States generally accepted accounting principles on contract modifications and hedge accounting, to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. Under the guidance, a company can elect not to apply certain modification accounting requirements to contracts affected by reference rate transition, if certain criteria are met. A company that makes this election would not be required to remeasure the contracts at the modification date or reassess a previous accounting determination. This guidance also permits a company to elect various optional expedients that would allow it to continue applying hedge accounting for hedging relationships affected by reference rate transition, if certain criteria are met. The guidance is effective upon issuance and generally can be applied through December 31, 2024. The Company is applying certain optional expedients and exceptions for cash flow hedges and will continue to evaluate these for eligible contract modifications and hedging relationships.

Fair Value Hedging – Portfolio Layer Method Effective January 1, 2023, the Company adopted accounting guidance, issued by the FASB in March 2022, related to fair value hedge accounting of portfolios of financial assets. This guidance permits a company to designate multiple hedging relationships on a single closed portfolio, resulting in a larger portion of the interest rate risk associated with such a portfolio being eligible to be hedged. The guidance also expands the scope of the method to include non-prepayable financial assets and clarifies other technical questions from the original accounting guidance. The adoption of this guidance is not material to the Company's financial statements.

Financial Instruments – Troubled Debt Restructurings and Vintage Disclosures Effective January 1, 2023, the Company adopted accounting guidance, issued by the FASB in March 2022, related to the recognition and measurement of TDRs by creditors. This guidance removes the separate recognition and measurement requirements for TDRs by replacing them with a requirement for a company to apply existing accounting guidance to determine whether a modification results in a new loan or a continuation of an existing loan. This guidance also replaces existing TDR disclosures with similar but more expansive disclosures for certain modifications of receivables made to borrowers experiencing financial difficulty. Further, this guidance also requires companies to disclose current-period gross write-offs by year of origination for financing receivables. The adoption of this guidance is not material to the Company's financial statements.

NOTE 3 Business Combinations

MUFG Union Bank Acquisition On December 1, 2022, the Company acquired MUB's core regional banking franchise from Mitsubishi UFJ Financial Group, Inc. Pursuant to the terms of a previously announced Share Purchase Agreement, the Company acquired all of the issued and outstanding shares of common stock of MUB for a purchase price consisting of $5.5 billion in cash and approximately 44 million shares of common stock of the Company. Under the terms of the Share Purchase Agreement, the purchase price was based on MUB having a tangible book value of $6.25 billion at the closing of the acquisition. At the closing of the acquisition, MUB had $3.5 billion in capital over the $6.25 billion tangible book value target. The additional capital received is held at the MUB subsidiary and is required to be repaid to Mitsubishi UFJ Financial Group, Inc. on or prior to the fifth anniversary date of the completion of the purchase, in accordance with the terms of the Share Purchase Agreement. As such, it is recognized as debt at the parent company. The transaction excludes the purchase of substantially all of MUB's Global Corporate & Investment Bank (other than certain deposits), certain middle and back office functions, and other assets. This transaction has been accounted for as a business combination. Accordingly, the assets acquired and liabilities assumed from MUB were recorded at fair value as of the acquisition date. The determination of fair value requires management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. Fair value estimates related to the assets and liabilities from MUB are subject to adjustment for up to one year after the closing date of the acquisition as additional information becomes available. Valuations subject to adjustment include, but are not limited to, loans, certain deposits, certain other assets, customer relationships and the core deposit benefits intangible.

In connection with the transaction, the Company incurred $329 million of nonrecurring merger and integration charges during 2022 recorded within noninterest expense. These expenses are primarily comprised of personnel, legal, advisory and technology related costs.

The following table includes the fair value of consideration transferred and the preliminary fair value of the identifiable tangible and intangible assets and liabilities from MUB:

December 1, 2022 (Dollars in Millions)	
Acquisition consideration	
Cash	$ 5,500
Market value of shares of common stock	2,014
Total consideration transferred at acquisition close date	7,514
Discounted liability to Mitsubishi UFJ Financial Group, Inc. (a)	2,944
Total	$ 10,458
Fair Value of MUB assets and liabilities	
Assets	
Cash and due from banks	$ 17,757
Investment securities	22,725
Loans held for sale	2,220
Loans	53,374
Less allowance for loan losses	(336)
Net loans	53,038
Premises and equipment	646
Other intangible assets (excluding goodwill)	2,883
Other assets	4,719
Total assets	$103,988
Liabilities	
Deposits	$ 86,108
Short-term borrowings	4,207
Long-term debt	2,584
Other liabilities	2,854
Total liabilities	95,753
Less: Net assets	$ 8,235
Goodwill	$ 2,223

(a) Represents $3.5 billion of noninterest-bearing additional capital held by MUB upon close of the acquisition to be delivered to Mitsubishi UFJ Financial Group, Inc. on or prior to December 1, 2027, discounted at the Company's 5-year unsecured borrowing rate as of the acquisition date, per authoritative accounting guidance.

Preliminary goodwill of $2.2 billion recorded in connection with the transaction resulted from the reputation, operating model and expertise of MUB. The amount of goodwill recorded reflects the increased market share and related synergies that are expected to result from the acquisition, and represents the excess purchase price over the estimated fair value of the net assets from MUB. The goodwill was allocated to the Company's business segments on a preliminary basis and is not deductible for income tax purposes. Refer to Note 11 for the amount of goodwill allocated to each business segment in connection with the transaction.

The following table includes the fair value and unpaid principal balance of the loans from the MUB acquisition:

December 1, 2022 (Dollars in Millions)	Unpaid Principal Balance	Fair Value
Commercial	$11,771	$11,366
Commercial real estate	14,397	13,843
Residential mortgages	28,256	26,247
Credit card	299	212
Other retail	1,397	1,370
Total loans	$56,120	$53,038

Other intangible assets from the MUB acquisition, as of December 1, 2022, consisted of the following:

(Dollars in Millions)	Weighted-average Estimated Life	Amortization Method	Fair Value
Mortgage servicing rights	–	(a)	$ 147
Core deposit benefits	10 years	Accelerated	2,710
Other	11 years	Accelerated	26
Total other intangible assets (excluding goodwill)			$2,883

(a) Mortgage servicing rights are recorded at fair value and are not amortized.

Valuation Methodologies

The methods used to determine the fair values of the significant assets acquired and liabilities assumed as part of the MUB acquisition are described below.

Cash and Due from Banks The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Investment Securities Fair value estimates for the investment securities were determined by using quoted market prices for identical securities in active markets when available. For certain securities where quoted market prices were not readily available, the Company utilized a third-party pricing service. The third-party pricing service used a variety of methods that incorporated relevant market data to arrive at an estimate of what a buyer in the marketplace would have paid for these securities under current market conditions. These methods included the use of quoted prices for similar securities, inactive transaction prices and broker quotes, as well as discounted cash flow methodologies.

Loans Held for Sale Fair value estimates for loans held for sale were valued based on quoted market prices, where available, and by comparison to instruments with similar collateral and risk profiles.

Loans Fair value estimates for loans were based on discounted cash flow methodologies that considered credit loss and prepayment expectations, market interest rates and other market factors, such as liquidity, from the perspective of a market participant. Loan cash flows were generated on an individual loan basis. The probability of default, loss given default, exposure at default and prepayment assumptions were the key factors in determining expected credit losses which were embedded into the estimated cash flows.

Core Deposit Benefits This intangible asset represents the economic benefit created by certain client deposit relationships by way of favorable funding relative to alternative sources. The fair value was estimated utilizing the after-tax cost savings method of the income approach. Appropriate consideration was given to deposit costs including cost of funds, net maintenance costs or servicing costs, client retention and alternative funding source costs at the time of acquisition. The discount rate used was derived taking into account the estimated cost of equity, risk-free return rate and risk premium for the market and specific risk related to the asset's cash flows.

Other Assets Included in other assets are tax-advantaged investments promoting affordable housing. The fair value of these investments was estimated based on the value of the expected future benefits.

Deposits and Borrowed Funds The fair values for deposits, short-term borrowings and long-term debt were estimated by discounting contractual cash flows using current market rates for instruments with similar maturities.

The following table presents financial results of MUB included in the Consolidated Statement of Income from the date of acquisition through December 31, 2022.

(Dollars in Millions)	One Month Ended December 31, 2022
Net interest income	$ 255
Noninterest income	(38)[(a)]
Net income (loss)	(562)

(a) Includes realized losses on investment securities sold.

The following table presents unaudited pro forma results as if the acquisition of MUB by the Company occurred on January 1, 2021 and includes the impact of amortizing and accreting certain estimated purchase accounting adjustments such as intangible assets as well as fair value adjustments to investment securities, loans, deposits and long-term debt. The pro forma information does not necessarily reflect the results that would have occurred had the Company acquired MUB on January 1, 2021.

Year Ended December 31 (Dollars in Millions)	2022	2021
Net interest income	$17,541	$14,958
Noninterest income	10,068	11,071
Net income	7,184	7,187

The Company initially measures the amortized cost of a PCD loan by adding the acquisition date estimate of expected credit losses to the loan's purchase price. The initial allowance for credit losses for PCD loans of $336 million was established through an adjustment to the MUB loan balance reflected in the related purchase accounting mark. Non-PCD loans and PCD loans had a fair value of $48.5 billion and $4.5 billion, respectively, at the acquisition date with unpaid principal balances of $51.0 billion and $5.1 billion, respectively. In accordance with authoritative accounting guidance, there was no carryover of the allowance for credit losses that had been previously recorded by MUB. Subsequent to acquisition, the Company recorded an allowance for credit losses primarily on non-PCD loans of $662 million through an increase to the provision for credit losses.

The following table provides information about the determination of the purchase price of PCD loans at the acquisition date:

December 1, 2022 (Dollars in Millions)	
Principal balance	$5,097
Allowance for credit losses at acquisition	(336)
Non-credit discount	(213)
Purchase price	$4,548

NOTE 4 Restrictions on Cash and Due from Banks

Banking regulators require bank subsidiaries to maintain minimum average reserve balances, either in the form of vault cash or reserve balances held with central banks or other financial institutions. The amount of required reserve balances were approximately $45 million and $78 million at December 31, 2022 and 2021, respectively. The Company held balances at central banks and other financial institutions of $41.6 billion and $23.0 billion at December 31, 2022 and 2021, respectively, to meet these requirements and for other purposes. These balances are included in cash and due from banks on the Consolidated Balance Sheet.

NOTE 5 Investment Securities

The Company's held-to-maturity investment securities are carried at historical cost, adjusted for amortization of premiums and accretion of discounts. The Company's available-for-sale investment securities are carried at fair value with unrealized net gains or losses reported within accumulated other comprehensive income (loss) in shareholders' equity.

The amortized cost, gross unrealized holding gains and losses, and fair value of held-to-maturity and available-for-sale investment securities at December 31 were as follows:

	2022				2021			
(Dollars in Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held-to-maturity								
U.S. Treasury and agencies	$ 1,344	$ –	$ (51)	$ 1,293	$ –	$ –	$ –	$ –
Mortgage-backed securities								
Residential agency	85,693	2	(10,810)	74,885	41,858	2	(48)	41,812
Commercial agency	1,703	1	(8)	1,696	–	–	–	–
Total held-to-maturity	$88,740	$ 3	$(10,869)	$77,874	$ 41,858	$ 2	$ (48)	$ 41,812
Available-for-sale								
U.S. Treasury and agencies	$24,801	$ 1	$ (2,769)	$22,033	$ 36,648	$ 205	$(244)	$ 36,609
Mortgage-backed securities								
Residential agency	32,060	8	(2,797)	29,271	76,761	665	(347)	77,079
Commercial								
Agency	8,736	–	(1,591)	7,145	8,633	53	(201)	8,485
Non-agency	7	–	–	7	–	–	–	–
Asset-backed securities	4,356	5	(38)	4,323	62	4	–	66
Obligations of state and political subdivisions	11,484	12	(1,371)	10,125	10,130	607	(20)	10,717
Other	6	–	–	6	7	–	–	7
Total available-for-sale	$81,450	$26	$ (8,566)	$72,910	$132,241	$1,534	$(812)	$132,963

During 2022, the Company transferred $45.1 billion amortized cost ($40.7 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities.

Investment securities with a fair value of $15.3 billion at December 31, 2022, and $30.7 billion at December 31, 2021, were pledged to secure public, private and trust deposits, repurchase agreements and for other purposes required by contractual obligation or law. Included in these amounts were securities where the Company and certain counterparties have agreements granting the counterparties the right to sell or pledge the securities. Investment securities securing these types of arrangements had a fair value of $858 million at December 31, 2022, and $557 million at December 31, 2021.

The following table provides information about the amount of interest income from taxable and non-taxable investment securities:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Taxable	$3,081	$2,103	$2,201
Non-taxable	297	262	227
Total interest income from investment securities	$3,378	$2,365	$2,428

The following table provides information about the amount of gross gains and losses realized through the sales of available-for-sale investment securities:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Realized gains	$ 163	$122	$200
Realized losses	(143)	(19)	(23)
Net realized gains	$ 20	$103	$177
Income tax on net realized gains	$ 5	$ 26	$ 45

The Company conducts a regular assessment of its available-for-sale investment securities with unrealized losses to determine whether all or some portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. If the Company intends to sell or it is more likely than not the Company will be required to sell an investment security, the amortized cost of the security is written down to fair value. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of underlying collateral, the existence of any government or agency guarantees, and market conditions. The Company measures the allowance for credit losses using market information where available and discounting the cash flows at the original effective rate of the investment security. The allowance for credit losses is adjusted each period through earnings and can be subsequently recovered. The allowance for credit losses on the Company's available-for-sale investment securities was immaterial at December 31, 2022 and December 31, 2021.

At December 31, 2022, certain investment securities had a fair value below amortized cost. The following table shows the gross unrealized losses and fair value of the Company's available-for-sale investment securities with unrealized losses, aggregated by investment category and length of time the individual investment securities have been in continuous unrealized loss positions, at December 31, 2022:

	Less Than 12 Months		12 Months or Greater		Total	
(Dollars in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and agencies	$13,265	$(1,193)	$ 7,962	$(1,576)	$21,227	$(2,769)
Mortgage-backed securities						
Residential agency	20,854	(1,461)	7,752	(1,336)	28,606	(2,797)
Commercial						
Agency	2,029	(311)	5,115	(1,280)	7,144	(1,591)
Non-agency	7	–	–	–	7	–
Asset-backed securities	3,476	(38)	–	–	3,476	(38)
Obligations of state and political subdivisions	8,246	(944)	1,088	(427)	9,334	(1,371)
Other	–	–	4	–	4	–
Total investment securities	$47,877	$(3,947)	$21,921	$(4,619)	$69,798	$(8,566)

These unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase of these available-for-sale investment securities. U.S. Treasury and agencies securities and agency mortgage-backed securities are issued, guaranteed or otherwise supported by the United States government. The Company's obligations of state and political subdivisions are generally high grade. Accordingly, the Company does not consider these unrealized losses to be credit-related and an allowance for credit losses is not necessary. In general, the issuers of the investment securities are contractually prohibited from prepayment at less than par, and the Company did not pay significant purchase premiums for these investment securities. At December 31, 2022, the Company had no plans to sell investment securities with unrealized losses, and believes it is more likely than not it would not be required to sell such investment securities before recovery of their amortized cost.

During the year ended December 31, 2022 and 2021, the Company did not purchase any investment securities that had more-than-insignificant credit deterioration.

All of the Company's held-to-maturity investment securities are U.S. Treasury and agencies securities and highly rated agency mortgage-backed securities that are guaranteed or otherwise supported by the United States government and have no history of credit losses. Accordingly the Company does not expect to incur any credit losses on held-to-maturity investment securities and has no allowance for credit losses recorded for these securities.

The following table provides information about the amortized cost, fair value and yield by maturity date of the investment securities outstanding at December 31, 2022:

(Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[e]
Held-to-maturity				
U.S. Treasury and Agencies				
Maturing in one year or less	$ –	$ –	–	–%
Maturing after one year through five years	1,344	1,293	3.3	2.85
Maturing after five years through ten years	–	–	–	–
Maturing after ten years	–	–	–	–
Total	$ 1,344	$ 1,293	3.3	2.85%
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ 19	$ 19	.7	3.08%
Maturing after one year through five years	1,549	1,546	2.7	4.35
Maturing after five years through ten years	67,062	59,194	9.2	2.15
Maturing after ten years	18,766	15,822	10.2	2.05
Total	$87,396	$76,581	9.3	2.17%
Total held-to-maturity[b]	$88,740	$77,874	9.2	2.18%
Available-for-sale				
U.S. Treasury and Agencies				
Maturing in one year or less	$ 259	$ 259	.4	4.72%
Maturing after one year through five years	4,900	4,606	3.8	2.51
Maturing after five years through ten years	15,937	14,114	7.0	2.24
Maturing after ten years	3,705	3,054	12.0	2.97
Total	$24,801	$22,033	7.1	2.43%
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ 44	$ 43	.8	2.55%
Maturing after one year through five years	10,976	10,242	3.1	2.33
Maturing after five years through ten years	28,277	24,827	7.7	3.00
Maturing after ten years	1,506	1,311	11.2	3.54
Total	$40,803	$36,423	6.6	2.83%
Asset-Backed Securities				
Maturing in one year or less	$ 3,429	$ 3,391	.6	4.25%
Maturing after one year through five years	500	503	2.8	5.68
Maturing after five years through ten years	427	429	5.3	6.00
Maturing after ten years	–	–	–	–
Total	$ 4,356	$ 4,323	1.3	4.59%
Obligations of State and Political Subdivisions[c] [d]				
Maturing in one year or less	$ 106	$ 107	.2	5.12%
Maturing after one year through five years	1,756	1,747	3.7	4.72
Maturing after five years through ten years	1,341	1,286	8.3	4.10
Maturing after ten years	8,281	6,985	16.8	3.49
Total	$11,484	$10,125	13.6	3.76%
Other				
Maturing in one year or less	$ 6	$ 6	.1	1.99%
Maturing after one year through five years	–	–	–	–
Maturing after five years through ten years	–	–	–	–
Maturing after ten years	–	–	–	–
Total	$ 6	$ 6	.1	1.99%
Total available-for-sale[b]	$81,450	$72,910	7.4	2.94%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.

(b) The weighted-average maturity of total held-to-maturity investment securities was 7.4 years at December 31, 2021, with a corresponding weighted-average yield of 1.45 percent. The weighted-average maturity of total available-for-sale investment securities was 5.5 years at December 31, 2021, with a corresponding weighted-average yield of 1.73 percent.

(c) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.

(d) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.

(e) Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent. Yields on investment securities are computed based on amortized cost balances, excluding any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to maturity.

NOTE 6 Loans and Allowance for Credit Losses

The composition of the loan portfolio at December 31, disaggregated by class and underlying specific portfolio type, was as follows:

(Dollars in Millions)	2022	2021
Commercial		
Commercial	$131,128	$106,912
Lease financing	4,562	5,111
Total commercial	135,690	112,023
Commercial Real Estate		
Commercial mortgages	43,765	28,757
Construction and development	11,722	10,296
Total commercial real estate	55,487	39,053
Residential Mortgages		
Residential mortgages	107,858	67,546
Home equity loans, first liens	7,987	8,947
Total residential mortgages	115,845	76,493
Credit Card	26,295	22,500
Other Retail		
Retail leasing	5,519	7,256
Home equity and second mortgages	12,863	10,446
Revolving credit	3,983	2,750
Installment	14,592	16,641
Automobile	17,939	24,866
Total other retail	54,896	61,959
Total loans	$388,213	$312,028

The Company had loans of $134.6 billion at December 31, 2022, and $92.1 billion at December 31, 2021, pledged at the Federal Home Loan Bank, and loans of $85.8 billion at December 31, 2022, and $76.9 billion at December 31, 2021, pledged at the Federal Reserve Bank.

The Company offers a broad array of lending products to consumer and commercial customers, in various industries, across several geographical locations, predominately in the states in which it has Consumer and Business Banking offices. Collateral for commercial and commercial real estate loans may include marketable securities, accounts receivable, inventory, equipment, real estate, or the related property.

Originated loans are reported at the principal amount outstanding, net of unearned interest and deferred fees and costs, and any partial charge-offs recorded. Purchased loans are recorded at fair value at the date of purchase. Net unearned interest and deferred fees and costs on originated loans and unamortized premiums and discounts on purchased loans amounted to $3.1 billion at December 31, 2022 and $475 million at December 31, 2021. The Company evaluates purchased loans for more-than-insignificant deterioration at the date of purchase in accordance with applicable authoritative accounting guidance. Purchased loans that have experienced more-than-insignificant deterioration from origination are considered purchased credit deteriorated loans. All other purchased loans are considered non-purchased credit deteriorated loans.

Allowance for Credit Losses The allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs.

Activity in the allowance for credit losses by portfolio class was as follows:

(Dollars in Millions)	Commercial	Commercial Real Estate	Residential Mortgages	Credit Card	Other Retail	Total Loans
Balance at December 31, 2021	$1,849	$1,123	$565	$1,673	$ 945	$ 6,155
Add						
Allowance for acquired credit losses[a]	163	87	36	45	5	336
Provision for credit losses[b]	378	152	302	826	319	1,977
Deduct						
Loans charged-off[c]	319	54	13	696	418	1,500
Less recoveries of loans charged-off	(92)	(17)	(36)	(172)	(120)	(437)
Net loan charge-offs (recoveries)	227	37	(23)	524	298	1,063
Other Changes	–	–	–	–	(1)	(1)
Balance at December 31, 2022	$2,163	$1,325	$926	$2,020	$ 970	$ 7,404
Balance at December 31, 2020	$2,423	$1,544	$573	$2,355	$1,115	$ 8,010
Add						
Provision for credit losses	(471)	(419)	(40)	(170)	(73)	(1,173)
Deduct						
Loans charged-off	222	29	18	686	253	1,208
Less recoveries of loans charged-off	(119)	(27)	(50)	(174)	(156)	(526)
Net loan charge-offs (recoveries)	103	2	(32)	512	97	682
Balance at December 31, 2021	$1,849	$1,123	$565	$1,673	$ 945	$ 6,155
Balance at December 31, 2019	$1,484	$ 799	$433	$1,128	$ 647	$ 4,491
Add						
Change in accounting principle[d]	378	(122)	(30)	872	401	1,499
Provision for credit losses	1,074	1,054	158	1,184	336	3,806
Deduct						
Loans charged-off	575	210	19	975	401	2,180
Less recoveries of loans charged-off	(62)	(23)	(31)	(146)	(132)	(394)
Net loan charge-offs (recoveries)	513	187	(12)	829	269	1,786
Balance at December 31, 2020	$2,423	$1,544	$573	$2,355	$1,115	$ 8,010

(a) Represents allowance for purchased credit deteriorated and charged-off loans acquired from MUB.

(b) Includes $662 million of provision for credit losses related to the acquisition of MUB.

(c) Includes $179 million of total charge-offs primarily on loans previously charged-off by MUB, which were written up upon acquisition to unpaid principal balance as required by purchase accounting.

(d) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses.

The increase in the allowance for credit losses from December 31, 2021 to December 31, 2022 reflected $336 million for purchased credit deteriorated and charged-off loans acquired from MUB and the impact of MUB's provision for credit losses of $662 million for loans acquired, as well as the impact of loan growth and increased economic uncertainty.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company. These credit quality ratings are an important part of the Company's overall credit risk management process and evaluation of the allowance for credit losses.

The following table provides a summary of loans by portfolio class, including the delinquency status of those that continue to accrue interest, and those that are nonperforming:

(Dollars in Millions)	Accruing Current	Accruing 30-89 Days Past Due	Accruing 90 Days or More Past Due	Nonperforming[b]	Total
December 31, 2022					
Commercial	$135,077	$ 350	$ 94	$169	$135,690
Commercial real estate	55,057	87	5	338	55,487
Residential mortgages[a]	115,224	201	95	325	115,845
Credit card	25,780	283	231	1	26,295
Other retail	54,382	309	66	139	54,896
Total loans	$385,520	$1,230	$491	$972	$388,213
December 31, 2021					
Commercial	$111,270	$ 530	$ 49	$174	$112,023
Commercial real estate	38,678	80	11	284	39,053
Residential mortgages[a]	75,962	124	181	226	76,493
Credit card	22,142	193	165	–	22,500
Other retail	61,468	275	66	150	61,959
Total loans	$309,520	$1,202	$472	$834	$312,028

(a) At December 31, 2022, $647 million of loans 30–89 days past due and $2.2 billion of loans 90 days or more past due purchased and that could be purchased from Government National Mortgage Association ("GNMA") mortgage pools under delinquent loan repurchase options whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, were classified as current, compared with $791 million and $1.5 billion at December 31, 2021, respectively.

(b) Substantially all nonperforming loans at December 31, 2022 and 2021, had an associated allowance for credit losses. The Company recognized interest income on nonperforming loans of $19 million and $16 million for the years ended December 31, 2022 and 2021, respectively, compared to what would have been recognized at the original contracual terms of the loans of $34 million for both periods.

At December 31, 2022, total nonperforming assets held by the Company were $1.0 billion, compared with $878 million at December 31, 2021. Total nonperforming assets included $972 million of nonperforming loans, $23 million of OREO and $21 million of other nonperforming assets owned by the Company at December 31, 2022, compared with $834 million, $22 million and $22 million, respectively at December 31, 2021.

At December 31, 2022, the amount of foreclosed residential real estate held by the Company, and included in OREO, was $23 million, compared with $22 million at December 31, 2021. These amounts excluded $54 million and $22 million at December 31, 2022 and December 31, 2021, respectively, of foreclosed residential real estate related to mortgage loans whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. In addition, the amount of residential mortgage loans secured by residential real estate in the process of foreclosure at December 31, 2022 and December 31, 2021, was $1.1 billion and $696 million, respectively, of which $830 million and $555 million, respectively, related to loans purchased and that could be purchased from Government National Mortgage Association ("GNMA") mortgage pools under delinquent loan repurchase options whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

The following table provides a summary of loans by portfolio class and the Company's internal credit quality rating:

	December 31, 2022					December 31, 2021				
		Criticized					Criticized			
(Dollars in Millions)	Pass	Special Mention	Classified[a]	Total Criticized	Total	Pass	Special Mention	Classified[a]	Total Criticized	Total
Commercial										
Originated in 2022	$ 61,229	$ 245	$ 315	$ 560	$ 61,789	$ –	$ –	$ –	$ –	$ –
Originated in 2021	26,411	159	78	237	26,648	51,155	387	287	674	51,829
Originated in 2020	7,049	68	138	206	7,255	14,091	304	133	437	14,528
Originated in 2019	3,962	51	210	261	4,223	10,159	151	54	205	10,364
Originated in 2018	2,119	31	32	63	2,182	5,122	3	36	39	5,161
Originated prior to 2018	6,867	33	97	130	6,997	4,923	30	81	111	5,034
Revolving[b]	25,888	344	364	708	26,596	24,722	268	117	385	25,107
Total commercial	133,525	931	1,234	2,165	135,690	110,172	1,143	708	1,851	112,023
Commercial real estate										
Originated in 2022	14,527	206	519	725	15,252	–	–	–	–	–
Originated in 2021	13,565	171	99	270	13,835	13,364	6	990	996	14,360
Originated in 2020	6,489	97	117	214	6,703	7,459	198	263	461	7,920
Originated in 2019	6,991	251	304	555	7,546	6,368	251	610	861	7,229
Originated in 2018	3,550	88	501	589	4,139	2,996	29	229	258	3,254
Originated prior to 2018	6,089	50	374	424	6,513	4,473	55	224	279	4,752
Revolving	1,489	–	10	10	1,499	1,494	1	43	44	1,538
Total commercial real estate	52,700	863	1,924	2,787	55,487	36,154	540	2,359	2,899	39,053
Residential mortgages[c]										
Originated in 2022	28,452	–	–	–	28,452	–	–	–	–	–
Originated in 2021	39,527	–	7	7	39,534	29,882	–	3	3	29,885
Originated in 2020	16,556	–	8	8	16,564	15,948	1	8	9	15,957
Originated in 2019	7,222	–	18	18	7,240	6,938	–	36	36	6,974
Originated in 2018	2,934	–	26	26	2,960	2,889	–	30	30	2,919
Originated prior to 2018	20,724	–	371	371	21,095	20,415	–	342	342	20,757
Revolving	–	–	–	–	–	1	–	–	–	1
Total residential mortgages	115,415	–	430	430	115,845	76,073	1	419	420	76,493
Credit card[d]	26,063	–	232	232	26,295	22,335	–	165	165	22,500
Other retail										
Originated in 2022	9,563	–	6	6	9,569	–	–	–	–	–
Originated in 2021	15,352	–	12	12	15,364	22,455	–	6	6	22,461
Originated in 2020	7,828	–	11	11	7,839	12,071	–	9	9	12,080
Originated in 2019	3,418	–	13	13	3,431	7,223	–	17	17	7,240
Originated in 2018	1,421	–	9	9	1,430	3,285	–	14	14	3,299
Originated prior to 2018	2,268	–	22	22	2,290	3,699	–	24	24	3,723
Revolving	14,029	–	98	98	14,127	12,532	–	112	112	12,644
Revolving converted to term	800	–	46	46	846	472	–	40	40	512
Total other retail	54,679	–	217	217	54,896	61,737	–	222	222	61,959
Total loans	$382,382	$1,794	$4,037	$5,831	$388,213	$306,471	$1,684	$3,873	$5,557	$312,028
Total outstanding commitments	$772,804	$2,825	$5,041	$7,866	$780,670	$662,363	$3,372	$5,684	$9,056	$671,419

Note: Year of origination is based on the origination date of a loan, or for existing loans the date when the maturity date, pricing or commitment amount is amended.

(a) Classified rating on consumer loans primarily based on delinquency status.

(b) Includes an immaterial amount of revolving converted to term loans.

(c) At December 31, 2022, $2.2 billion of GNMA loans 90 days or more past due and $1.0 billion of restructured GNMA loans whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs were classified with a pass rating, compared with $1.5 billion and $1.1 billion at December 31, 2021, respectively.

(d) Predominately all credit card loans are considered revolving loans. Includes an immaterial amount of revolving converted to term loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. The following table provides a summary of loans modified as TDRs for the years ended December 31, by portfolio class:

(Dollars in Millions)	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance
2022			
Commercial	2,259	$ 148	$ 134
Commercial real estate	75	50	47
Residential mortgages	1,699	475	476
Credit card	44,470	243	246
Other retail	2,514	89	85
Total loans, excluding loans purchased from GNMA mortgage pools	51,017	1,005	988
Loans purchased from GNMA mortgage pools	1,640	226	230
Total loans	52,657	$1,231	$1,218
2021			
Commercial	2,156	$ 140	$ 127
Commercial real estate	112	193	179
Residential mortgages	977	329	328
Credit card	25,297	144	146
Other retail	2,576	74	67
Total loans, excluding loans purchased from GNMA mortgage pools	31,118	880	847
Loans purchased from GNMA mortgage pools	2,311	334	346
Total loans	33,429	$1,214	$1,193
2020			
Commercial	3,423	$ 628	$ 493
Commercial real estate	149	262	218
Residential mortgages	1,176	402	401
Credit card	23,549	135	136
Other retail	4,027	117	114
Total loans, excluding loans purchased from GNMA mortgage pools	32,324	1,544	1,362
Loans purchased from GNMA mortgage pools	4,630	667	659
Total loans	36,954	$2,211	$2,021

Residential mortgages, home equity and second mortgages, and loans purchased from GNMA mortgage pools in the table above include trial period arrangements offered to customers during the periods presented. The post-modification balances for these loans reflect the current outstanding balance until a permanent modification is made. In addition, the post-modification balances typically include capitalization of unpaid accrued interest and/or fees under the various modification programs. At December 31, 2022, 4 residential mortgages, 5 home equity and second mortgage loans and 52 loans purchased from GNMA mortgage pools with outstanding balances of less than $1 million, less than $1 million and $6 million, respectively, were in a trial period and have estimated post-modification balances of less than $1 million, less than $1 million and $6 million, respectively, assuming permanent modification occurs at the end of the trial period.

The following table provides a summary of TDR loans that defaulted (fully or partially charged-off or became 90 days or more past due) for the years ended December 31, that were modified as TDRs within 12 months previous to default:

(Dollars in Millions)	Number of Loans	Amount Defaulted
2022		
Commercial	767	$ 24
Commercial real estate	20	11
Residential mortgages	235	28
Credit card	7,904	42
Other retail	307	5
Total loans, excluding loans purchased from GNMA mortgage pools	9,233	110
Loans purchased from GNMA mortgage pools	282	59
Total loans	9,515	$169
2021		
Commercial	1,084	$ 32
Commercial real estate	16	7
Residential mortgages	81	9
Credit card	7,700	43
Other retail	714	11
Total loans, excluding loans purchased from GNMA mortgage pools	9,595	102
Loans purchased from GNMA mortgage pools	176	26
Total loans	9,771	$128
2020		
Commercial	1,148	$ 80
Commercial real estate	50	30
Residential mortgages	38	5
Credit card	6,688	35
Other retail	307	4
Total loans, excluding loans purchased from GNMA mortgage pools	8,231	154
Loans purchased from GNMA mortgage pools	498	66
Total loans	8,729	$220

In addition to the defaults in the table above, the Company had a total of 16 residential mortgage loans, home equity and second mortgage loans and loans purchased from GNMA mortgage pools for the year ended December 31, 2022, where borrowers did not successfully complete the trial period arrangement and, therefore, are no longer eligible for a permanent modification under the applicable modification program. These loans had aggregate outstanding balances of $2 million for the year ended December 31, 2022.

As of December 31, 2022, the Company had $21 million of commitments to lend additional funds to borrowers whose terms of their outstanding owed balances have been modified in TDRs.

NOTE 7 Leases

The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases consist primarily of automobiles, while commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment.

The components of the net investment in sales-type and direct financing leases, at December 31, were as follows:

(Dollars in Millions)	2022	2021
Lease receivables	$ 8,731	$10,738
Unguaranteed residual values accruing to the lessor's benefit	1,323	1,610
Total net investment in sales-type and direct financing leases	$10,054	$12,348

The Company, as a lessor, recorded $764 million, $888 million and $952 million of revenue on its Consolidated Statement of Income for the years ended December 31, 2022, 2021 and 2020, respectively, primarily consisting of interest income on sales-type and direct financing leases.

The contractual future lease payments to be received by the Company, at December 31, 2022, were as follows:

(Dollars in Millions)	Sales-type and direct financing leases	Operating leases
2023	$3,496	$134
2024	2,765	103
2025	1,665	69
2026	658	33
2027	284	18
Thereafter	447	26
Total lease payments	9,315	$383
Amounts representing interest	(584)	
Lease receivables	$8,731	

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a lease liability and a corresponding right of use ("ROU") asset. At December 31, 2022, the Company's ROU assets included in premises and equipment and lease liabilities included in long-term debt and other liabilities, were $1.6 billion and $1.7 billion, respectively, compared with $1.2 billion of ROU assets and $1.3 billion of lease liabilities at December 31, 2021, respectively.

Total costs incurred by the Company, as a lessee, were $390 million, $364 million and $374 million for the years ended December 31, 2022, 2021 and 2020, respectively, and principally related to contractual lease payments on operating leases. The Company's leases do not impose significant covenants or other restrictions on the Company.

The following table presents amounts relevant to the Company's assets leased for use in its operations for the years ended December 31:

(Dollars in Millions)	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$294	$288	$305
Operating cash flows from finance leases	4	5	6
Financing cash flows from finance leases	14	12	12
Right of use assets obtained in exchange for new operating lease liabilities	239	164	128
Right of use assets obtained in exchange for new finance lease liabilities	91	75	6

The following table presents the weighted-average remaining lease terms and discount rates of the Company's assets leased for use in its operations at December 31:

	2022	2021
Weighted-average remaining lease term of operating leases (in years)	6.8	7.0
Weighted-average remaining lease term of finance leases (in years)	8.5	9.5
Weighted-average discount rate of operating leases	3.3%	2.7%
Weighted-average discount rate of finance leases	7.9%	9.3%

The contractual future lease obligations of the Company at December 31, 2022, were as follows:

(Dollars in Millions)	Operating leases	Finance leases
2023	$ 369	$ 29
2024	318	51
2025	255	48
2026	198	33
2027	152	10
Thereafter	410	28
Total lease payments	1,702	199
Amounts representing interest	(202)	(22)
Lease liabilities	$1,500	$177

NOTE 8 Accounting for Transfers and Servicing of Financial Assets and Variable Interest Entities

The Company transfers financial assets in the normal course of business. The majority of the Company's financial asset transfers are residential mortgage loan sales primarily to government-sponsored enterprises ("GSEs"), transfers of tax-advantaged investments, commercial loan sales through participation agreements, and other individual or portfolio loan and securities sales. In accordance with the accounting guidance for asset transfers, the Company considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. Guarantees provided to certain third parties in connection with the transfer of assets are further discussed in Note 23.

For loans sold under participation agreements, the Company also considers whether the terms of the loan participation agreement meet the accounting definition of a participating interest. With the exception of servicing and certain performance-based guarantees, the Company's continuing involvement with financial assets sold is minimal and generally limited to market customary representation and warranty clauses. Any gain or loss on sale depends on the previous carrying amount of the transferred financial assets, the consideration received, and any liabilities incurred in exchange for the transferred assets. Upon transfer, any servicing assets and other interests that continue to be held by the Company are initially recognized at fair value. For further information on MSR's, refer to Note 10. On a limited basis, the Company may acquire and package high-grade corporate bonds for select corporate customers, in which the Company generally has no continuing involvement with these transactions. Additionally, the Company is an authorized GNMA issuer and issues GNMA securities on a regular basis. The Company has no other asset securitizations or similar asset-backed financing arrangements that are off-balance sheet.

The Company also provides financial support primarily through the use of waivers of trust and investment management fees associated with various unconsolidated registered money market funds it manages. The Company discontinued providing this support beginning in the third quarter of 2022 due to rising interest rates in the current year. The Company provided $65 million, $250 million and $89 million of support to the funds during the years ended December 31, 2022, 2021 and 2020, respectively.

The Company is involved in various entities that are considered to be VIEs. The Company's investments in VIEs are primarily related to investments promoting affordable housing, community development and renewable energy sources. Some of these tax-advantaged investments support the Company's regulatory compliance with the Community Reinvestment Act. The Company's investments in these entities generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These tax credits are recognized as a reduction of tax expense or, for investments qualifying as investment tax credits, as a reduction to the related investment asset. The Company recognized federal and state income tax credits related to its affordable housing and other tax-advantaged investments in tax expense of $461 million, $508 million and $578 million for the years ended December 31, 2022, 2021 and 2020, respectively. The Company also recognized $527 million, $418 million and $414 million of investment tax credits for the years ended December 31, 2022, 2021 and 2020, respectively. The Company recognized $424 million, $468 million and $545 million of expenses related to all of these investments for the years ended December 31, 2022, 2021 and 2020, respectively, of which $359 million, $336 million and $367 million, respectively, were included in tax expense and the remaining amounts were included in noninterest expense.

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest, and thus is not the primary beneficiary. In such cases, the Company does not have both the power to direct the entities' most significant activities and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs.

The Company's investments in these unconsolidated VIEs are carried in other assets on the Consolidated Balance Sheet. The Company's unfunded capital and other commitments related to these unconsolidated VIEs are generally carried in other liabilities on the Consolidated Balance Sheet. The Company's maximum exposure to loss from these unconsolidated VIEs include the investment recorded on the Company's Consolidated Balance Sheet, net of unfunded capital commitments, and previously recorded tax credits which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level. While the Company believes potential losses from these investments are remote, the maximum exposure was determined by assuming a scenario where the community-based business and housing projects completely fail and do not meet certain government compliance requirements resulting in recapture of the related tax credits.

The following table provides a summary of investments in community development and tax-advantaged VIEs that the Company has not consolidated:

At December 31 (Dollars in Millions)	2022	2021
Investment carrying amount	$5,452	$4,484
Unfunded capital and other commitments	2,416	1,890
Maximum exposure to loss	9,761	9,899

The Company also has noncontrolling financial investments in private investment funds and partnerships considered to be VIEs, which are not consolidated. The Company's recorded investment in these entities, carried in other assets on the Consolidated Balance Sheet, was approximately $177 million at December 31, 2022 and $40 million at December 31, 2021. The maximum exposure to loss related to these VIEs was $310 million at December 31, 2022 and $84 million at December 31, 2021, representing the Company's investment balance and its unfunded commitments to invest additional amounts.

The Company also holds $3.4 billion of senior notes as available-for-sale investment securities. These senior notes were issued by third-party securitization vehicles that hold $4 billion of indirect auto loans that collateralize the senior notes. These VIEs are not consolidated by the Company.

The Company's individual net investments in unconsolidated VIEs, which exclude any unfunded capital commitments, ranged from less than $1 million to $116 million at December 31, 2022, compared with less than $1 million to $75 million at December 31, 2021.

The Company is required to consolidate VIEs in which it has concluded it has a controlling financial interest. The Company sponsors entities to which it transfers its interests in tax-advantaged investments to third parties. At December 31, 2022, approximately $5.9 billion of the Company's assets and $4.2 billion of its liabilities included on the Consolidated Balance Sheet were related to community development and tax-advantaged investment VIEs which the Company has consolidated, primarily related to these transfers. These amounts compared to $5.0 billion and $3.4 billion, respectively, at December 31, 2021. The majority of the assets of these consolidated VIEs are reported in other assets, and the liabilities are reported in long-term debt and other liabilities. The assets of a particular VIE are the primary source of funds to settle its obligations. The creditors of the VIEs do not have recourse to the general credit of the Company. The Company's exposure to the consolidated VIEs is generally limited to the carrying value of its variable interests plus any related tax credits previously recognized or transferred to others with a guarantee.

In addition, the Company sponsors a municipal bond securities tender option bond program. The Company controls the activities of the program's entities, is entitled to the residual returns and provides liquidity and remarketing arrangements to the program. As a result, the Company has consolidated the program's entities. At December 31, 2022, $1.5 billion of available-for-sale investment securities and $1.0 billion of short-term borrowings on the Consolidated Balance Sheet were related to the tender option bond program, compared with $1.7 billion of available-for-sale investment securities and $1.2 billion of short-term borrowings at December 31, 2021.

NOTE 9 Premises and Equipment

Premises and equipment at December 31 consisted of the following:

(Dollars in Millions)	2022	2021
Land	$ 535	$ 445
Buildings and improvements	3,296	3,161
Furniture, fixtures and equipment	3,485	3,438
Right of use assets on operating leases	1,296	1,014
Right of use assets on finance leases	269	172
Construction in progress	46	23
	8,927	8,253
Less accumulated depreciation and amortization	(5,069)	(4,948)
Total	$ 3,858	$ 3,305

NOTE 10 Mortgage Servicing Rights

The Company capitalizes MSRs as separate assets when loans are sold and servicing is retained. MSRs may also be purchased from others. The Company carries MSRs at fair value, with changes in the fair value recorded in earnings during the period in which they occur. The Company serviced $243.6 billion of residential mortgage loans for others at December 31, 2022, and $222.4 billion at December 31, 2021, including subserviced mortgages with no corresponding MSR asset. Included in mortgage banking revenue are the MSR fair value changes arising from market rate and model assumption changes, net of the value change in derivatives used to economically hedge MSRs. These changes resulted in net losses of $45 million and $183 million, and a net gain of $18 million for the years ended December 31, 2022, 2021 and 2020, respectively. Loan servicing and ancillary fees, not including valuation changes, included in mortgage banking revenue were $754 million, $725 million and $718 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Changes in fair value of capitalized MSRs are summarized as follows:

(Dollars in Millions)	2022	2021	2020
Balance at beginning of period	$2,953	$2,210	$2,546
Rights purchased	156	42	34
Rights capitalized	590	1,136	1,030
Rights sold[a]	(255)	2	3
Changes in fair value of MSRs			
Due to fluctuations in market interest rates[b]	804	272	(719)
Due to revised assumptions or models[c]	(29)	(196)	(12)
Other changes in fair value[d]	(464)	(513)	(672)
Balance at end of period	$3,755	$2,953	$2,210

(a) MSRs sold include those having a negative fair value, resulting from the loans being severely delinquent.

(b) Includes changes in MSR value associated with changes in market interest rates, including estimated prepayment rates and anticipated earnings on escrow deposits.

(c) Includes changes in MSR value not caused by changes in market interest rates, such as changes in assumed cost to service, ancillary income and option adjusted spread, as well as the impact of any model changes.

(d) Primarily the change in MSR value from passage of time and cash flows realized (decay), but also includes the impact of changes to expected cash flows not associated with changes in market interest rates, such as the impact of delinquencies.

The estimated sensitivity to changes in interest rates of the fair value of the MSR portfolio and the related derivative instruments as of December 31 follows:

	2022						2021					
(Dollars in Millions)	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps
MSR portfolio	$(334)	$(153)	$(73)	$ 66	$ 125	$ 224	$(636)	$(324)	$(160)	$ 150	$ 287	$ 511
Derivative instrument hedges	337	153	73	(67)	(127)	(236)	614	309	152	(142)	(278)	(536)
Net sensitivity	$ 3	$ –	$ –	$ (1)	$ (2)	$ (12)	$ (22)	$ (15)	$ (8)	$ 8	$ 9	$ (25)

The fair value of MSRs and their sensitivity to changes in interest rates is influenced by the mix of the servicing portfolio and characteristics of each segment of the portfolio. The Company's servicing portfolio consists of the distinct portfolios of government-insured mortgages, conventional mortgages and Housing Finance Agency ("HFA") mortgages. The servicing portfolios are predominantly comprised of fixed-rate agency loans with limited adjustable-rate or jumbo mortgage loans. The HFA servicing portfolio is comprised of loans originated under state and local housing authority program guidelines which assist purchases by first-time or low- to moderate-income homebuyers through a favorable rate subsidy, down payment and/or closing cost assistance on government- and conventional-insured mortgages.

A summary of the Company's MSRs and related characteristics by portfolio as of December 31 follows:

	2022				2021			
(Dollars in Millions)	HFA	Government	Conventional[d]	Total	HFA	Government	Conventional[d]	Total
Servicing portfolio[a]	$44,071	$23,141	$172,541	$239,753	$40,652	$21,919	$156,382	$218,953
Fair value	$ 725	$ 454	$ 2,576	$ 3,755	$ 527	$ 308	$ 2,118	$ 2,953
Value (bps)[b]	165	196	149	157	130	141	135	135
Weighted-average servicing fees (bps)	36	42	27	30	36	41	30	32
Multiple (value/servicing fees)	4.56	4.69	5.52	5.20	3.63	3.43	4.50	4.18
Weighted-average note rate	4.16%	3.81%	3.52%	3.67%	4.07%	3.70%	3.41%	3.56%
Weighted-average age (in years)	4.0	5.7	3.7	3.9	3.8	5.9	3.3	3.7
Weighted-average expected prepayment (constant prepayment rate)	7.4%	8.5%	7.8%	7.8%	11.5%	13.2%	9.6%	10.3%
Weighted-average expected life (in years)	8.8	7.6	7.5	7.7	6.5	5.6	6.9	6.7
Weighted-average option adjusted spread[c]	7.6%	6.9%	5.1%	5.8%	7.3%	7.3%	6.3%	6.6%

(a) Represents principal balance of mortgages having corresponding MSR asset.

(b) Calculated as fair value divided by the servicing portfolio.

(c) Option adjusted spread is the incremental spread added to the risk-free rate to reflect optionality and other risk inherent in the MSRs.

(d) Represents loans sold primarily to GSEs.

NOTE 11 Intangible Assets

Intangible assets consisted of the following:

At December 31 (Dollars in Millions)	2022	2021
Goodwill	$12,373	$10,262
Merchant processing contracts	155	195
Core deposit benefits	2,706	49
Mortgage servicing rights	3,755	2,953
Trust relationships	50	62
Other identified intangibles	489	479
Total	$19,528	$14,000

Aggregate amortization expense consisted of the following:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Merchant processing contracts	$ 38	$ 45	$ 49
Core deposit benefits	53	15	18
Trust relationships	12	10	9
Other identified intangibles	112	89	100
Total	$215	$159	$176

The estimated amortization expense for the next five years is as follows:

(Dollars in Millions)	
2023	$647
2024	572
2025	490
2026	422
2027	350

The following table reflects the changes in the carrying value of goodwill for the years ended December 31, 2022, 2021 and 2020:

(Dollars in Millions)	Corporate and Commercial Banking	Consumer and Business Banking	Wealth Management and Investment Services	Payment Services	Treasury and Corporate Support	Consolidated Company
Balance at December 31, 2019	$1,647	$3,475	$1,617	$2,916	$—	$ 9,655
Goodwill acquired	—	—	—	180	—	180
Foreign exchange translation and other	—	—	2	81	—	83
Balance at December 31, 2020	$1,647	$3,475	$1,619	$3,177	$—	$ 9,918
Goodwill acquired	—	35	144	192	—	371
Foreign exchange translation and other	265	(265)	(2)	(25)	—	(27)
Balance at December 31, 2021	$1,912	$3,245	$1,761	$3,344	$—	$10,262
Goodwill acquired	889	1,220	29	11	—	2,149
Foreign exchange translation and other	—	—	(2)	(36)	—	(38)
Balance at December 31, 2022	$2,801	$4,465	$1,788	$3,319	$—	$12,373

NOTE 12 Deposits

The composition of deposits at December 31 was as follows:

(Dollars in Millions)	2022	2021
Noninterest-bearing deposits	$137,743	$134,901
Interest-bearing deposits		
Interest checking	134,491	115,108
Money market savings	148,014	117,619
Savings accounts	71,782	65,790
Time deposits	32,946	22,665
Total interest-bearing deposits	387,233	321,182
Total deposits	$524,976	$456,083

The maturities of time deposits outstanding at December 31, 2022 were as follows:

(Dollars in Millions)	
2023	$26,622
2024	3,879
2025	1,668
2026	458
2027	317
Thereafter	2
Total	$32,946

NOTE 13 Short-Term Borrowings

Short-term borrowings at December 31 consisted of the following:

(Dollars in Millions)	2022	2021
Federal funds purchased	$ 226	$ 628
Securities sold under agreements to repurchase	1,431	1,575
Commercial paper	8,145	6,026
Other short-term borrowings	21,414[(a)]	3,567
Total	$31,216	$11,796

(a) Balance primarily includes short-term FHLB advances.

NOTE 14 Long-Term Debt

Long-term debt (debt with original maturities of more than one year) at December 31 consisted of the following:

(Dollars in Millions)	Rate Type	Rate[a]	Maturity Date	2022	2021
U.S. Bancorp (Parent Company)					
Subordinated notes	Fixed	2.950%	2022	$ –	$ 1,300
	Fixed	3.600%	2024	1,000	1,000
	Fixed	7.500%	2026	199	199
	Fixed	3.100%	2026	1,000	1,000
	Fixed	3.000%	2029	1,000	1,000
	Fixed	4.967%	2033	1,300	–
	Fixed	2.491%	2036	1,300	1,300
Medium-term notes	Fixed	.850% - 5.850%	2024 - 2033	18,468	12,631
Other[b]				2,716	472
Subtotal				26,983	18,902
Subsidiaries					
Federal Home Loan Bank advances	Fixed	2.289% - 8.250%	2023 - 2026	2,051	2
	Floating[d]	5.190% - 5.197%	2025 - 2026	3,000	3,272
Bank notes	Fixed	1.950% - 3.400%	2023 - 2025	4,800	5,700
	Floating[d]	–% - 4.758%	2023 - 2062	1,352	3,337
Other[c]				1,643	912
Subtotal				12,846	13,223
Total				$39,829	$32,125

(a) Weighted-average interest rates of medium-term notes, Federal Home Loan Bank advances and bank notes were 3.20 percent, 4.02 percent and 2.78 percent, respectively.

(b) Includes $2.9 billion of discounted noninterest-bearing additional capital received by the Company upon close of the MUB acquisition to be delivered to Mitsubishi UFJ Financial Group, Inc. on or prior to December 1, 2027, discounted at the Company's 5-year unsecured borrowing rate as of the acquisition date, as well as debt issuance fees and unrealized gains and losses and deferred amounts relating to derivative instruments.

(c) Includes consolidated community development and tax-advantaged investment VIEs, finance lease obligations, debt issuance fees, and unrealized gains and losses and deferred amounts relating to derivative instruments.

d) Includes $3.0 billion of Federal Home Loan Bank advances and $1.0 billion of bank notes for which interest is calculated by reference to LIBOR. For any outstanding LIBOR-linked instrument that matures after June 30, 2023, the interest rate will transition from a LIBOR-based rate to an alternative reference rate. For outstanding debt subject to the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act") that does not contain a fallback provision or does not contain a clearly defined or practicable fallback provision in the event that LIBOR is no longer published or quoted, the interest rate will transition pursuant to the LIBOR Act to a rate based on the Secured Overnight Financing Rate ("SOFR") after June 30, 2023. For outstanding debt that contains adequate fallback provisions in the event that LIBOR is no longer published or quoted, these fallback provisions will be utilized to determine the replacement rate applied after June 30, 2023.

The Company has arrangements with the Federal Home Loan Bank and Federal Reserve Bank whereby the Company could have borrowed an additional $114.8 billion and $101.0 billion at December 31, 2022 and 2021, respectively, based on collateral available.

Maturities of long-term debt outstanding at December 31, 2022, were:

(Dollars in Millions)	Parent Company	Consolidated
2023	$ 899	$ 4,854
2024	5,424	5,490
2025	1,965	5,498
2026	3,978	7,397
2027	3,722	3,751
Thereafter	10,995	12,839
Total	$26,983	$39,829

NOTE 15 Shareholders' Equity

At December 31, 2022 and 2021, the Company had authority to issue 4 billion shares of common stock and 50 million shares of preferred stock. The Company had 1.5 billion shares of common stock outstanding at December 31, 2022 and 2021. The Company had 31 million shares reserved for future issuances, primarily under its stock incentive plans at December 31, 2022.

The number of shares issued and outstanding and the carrying amount of each outstanding series of the Company's preferred stock were as follows:

	2022				2021			
(Dollars in Millions)	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount
Series A	12,510	$1,251	$145	$1,106	12,510	$1,251	$145	$1,106
Series B	40,000	1,000	–	1,000	40,000	1,000	–	1,000
Series J	40,000	1,000	7	993	40,000	1,000	7	993
Series K	23,000	575	10	565	23,000	575	10	565
Series L	20,000	500	14	486	20,000	500	14	486
Series M	30,000	750	21	729	30,000	750	21	729
Series N	60,000	1,500	8	1,492	60,000	1,500	8	1,492
Series O	18,000	450	13	437	–	–	–	–
Total preferred stock[(a)]	243,510	$7,026	$218	$6,808	225,510	$6,576	$205	$6,371

(a) The par value of all shares issued and outstanding at December 31, 2022 and 2021, was $1.00 per share.

During 2022, the Company issued depositary shares representing an ownership interest in 18,000 shares of Series O Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series O Preferred Stock"). The Series O Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 4.50 percent. The Series O Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2027. The Series O Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series O Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2021, the Company issued depositary shares representing an ownership interest in 60,000 shares of Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series N Preferred Stock"). The Series N Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 3.70 percent from the date of issuance to, but excluding, January 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the five-year treasury rate plus 2.541 percent. The Series N Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2027. The Series N Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series N Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2021, the Company issued depositary shares representing an ownership interest in 30,000 shares of Series M Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series M Preferred Stock"). The Series M Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 4.00 percent. The Series M Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2026. The Series M Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2026 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series M Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2020, the Company issued depositary shares representing an ownership interest in 20,000 shares of Series L Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series L Preferred Stock"). The Series L Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 3.75 percent. The Series L Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2026. The Series L Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2026 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series L

Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2018, the Company issued depositary shares representing an ownership interest in 23,000 shares of Series K Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series K Preferred Stock"). The Series K Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 5.50 percent. The Series K Preferred Stock is redeemable at the Company's option, in whole or in part, on or after October 15, 2023. The Series K Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to October 15, 2023 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series K Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2017, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series J Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series J Preferred Stock"). The Series J Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable semiannually, in arrears, at a rate per annum equal to 5.300 percent from the date of issuance to, but excluding, April 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the three-month London Interbank Offered Rate ("LIBOR") plus 2.914 percent. The Series J Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2027. The Series J Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series J Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2010, the Company issued depositary shares representing an ownership interest in 5,746 shares of Series A Non-Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock") to investors, in exchange for their portion of USB Capital IX Income Trust Securities. During 2011, the Company issued depositary shares representing an ownership interest in 6,764 shares of Series A Preferred Stock to USB Capital IX, thereby settling the stock purchase contract established between the Company and USB Capital IX as part of the 2006 issuance of USB Capital IX Income Trust Securities. The preferred shares were issued to USB Capital IX for the purchase price specified in the stock forward purchase contract. The Series A Preferred Stock has a liquidation preference of $100,000 per share, no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus 1.02 percent or 3.50 percent. The Series A Preferred Stock is redeemable at the Company's option, subject to prior approval by the Federal Reserve Board.

During 2006, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series B Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series B Preferred Stock"). The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus .60 percent, or 3.50 percent. The Series B Preferred Stock is redeemable at the Company's option, subject to the prior approval of the Federal Reserve Board.

Dividends for certain of the Company's outstanding series of preferred stock described above are, or will in the future be, calculated by reference to LIBOR. The interest rate on these series of preferred stock will transition pursuant to the LIBOR Act to a rate based on SOFR after June 30, 2023.

During 2022, 2021 and 2020, the Company repurchased shares of its common stock under various authorizations approved by its Board of Directors. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021 and continuing through the remainder of 2022, except for those done exclusively in connection with its stock-based compensation programs, due to its pending acquisition of MUB's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until its common equity tier 1 ratio approximates 9.0 percent, at which time the Company will assess its capital position relative to existing and proposed regulatory capital requirements.

The following table summarizes the Company's common stock repurchased in each of the last three years:

(Dollars and Shares in Millions)	Shares	Value
2022	1	$ 69
2021	28	1,556
2020	31	1,661

Shareholders' equity is affected by transactions and valuations of asset and liability positions that require adjustments to accumulated other comprehensive income (loss). The reconciliation of the transactions affecting accumulated other comprehensive income (loss) included in shareholders' equity for the years ended December 31, is as follows:

(Dollars in Millions)	Unrealized Gains (Losses) on Investment Securities Available-For-Sale	Unrealized Gains (Losses) on Investment Securities Transferred From Available-For-Sale to Held-To-Maturity	Unrealized Gains (Losses) on Derivative Hedges	Unrealized Gains (Losses) on Retirement Plans	Foreign Currency Translation	Total
2022						
Balance at beginning of period	$ 540	$ (935)	$ (85)	$(1,426)	$(37)	$ (1,943)
Changes in unrealized gains (losses)	(13,656)	–	(75)	526	–	(13,205)
Transfer of securities from available-for-sale to held-to-maturity	4,413	(4,413)	–	–	–	–
Foreign currency translation adjustment[(a)]	–	–	–	–	(10)	(10)
Reclassification to earnings of realized (gains) losses	(20)	400	36	128	–	544
Applicable income taxes	2,345	1,015	10	(167)	4	3,207
Balance at end of period	$ (6,378)	$(3,933)	$(114)	$ (939)	$(43)	$(11,407)
2021						
Balance at beginning of period	$ 2,417	$ –	$(189)	$(1,842)	$(64)	$ 322
Changes in unrealized gains and losses	(3,698)	–	125	400	–	(3,173)
Transfer of securities from available-for-sale to held-to-maturity	1,289	(1,289)	–	–	–	–
Foreign currency translation adjustment[(a)]	–	–	–	–	35	35
Reclassification to earnings of realized gains and losses	(103)	36	14	157	–	104
Applicable income taxes	635	318	(35)	(141)	(8)	769
Balance at end of period	$ 540	$ (935)	$ (85)	$(1,426)	$(37)	$ (1,943)
2020						
Balance at beginning of period	$ 379	$ –	$ (51)	$(1,636)	$(65)	$ (1,373)
Changes in unrealized gains and losses	2,905	–	(194)	(401)	–	2,310
Foreign currency translation adjustment[(a)]	–	–	–	–	2	2
Reclassification to earnings of realized gains and losses	(177)	–	10	125	–	(42)
Applicable income taxes	(690)	–	46	70	(1)	(575)
Balance at end of period	$ 2,417	$ –	$(189)	$(1,842)	$(64)	$ 322

(a) Represents the impact of changes in foreign currency exchange rates on the Company's investment in foreign operations and related hedges.

Additional detail about the impact to net income for items reclassified out of accumulated other comprehensive income (loss) and into earnings for the years ended December 31, is as follows:

(Dollars in Millions)	Impact to Net Income 2022	2021	2020	Affected Line Item in the Consolidated Statement of Income
Unrealized gains (losses) on investment securities available-for-sale				
Realized gains (losses) on sale of investment securities	$ 20	$ 103	$ 177	Securities gains (losses), net
	(5)	(26)	(45)	Applicable income taxes
	15	77	132	Net-of-tax
Unrealized gains (losses) on investment securities transferred from available-for-sale to held-to-maturity				
Amortization of unrealized gains (losses)	(400)	(36)	–	Interest income
	119	9	–	Applicable income taxes
	(281)	(27)	–	Net-of-tax
Unrealized gains (losses) on derivative hedges				
Realized gains (losses) on derivative hedges	(36)	(14)	(10)	Interest expense
	9	4	3	Applicable income taxes
	(27)	(10)	(7)	Net-of-tax
Unrealized gains (losses) on retirement plans				
Actuarial gains (losses) and prior service cost (credit) amortization	(128)	(157)	(125)	Other noninterest expense
	33	40	32	Applicable income taxes
	(95)	(117)	(93)	Net-of-tax
Total impact to net income	$(388)	$ (77)	$ 32	

Regulatory Capital The Company uses certain measures defined by bank regulatory agencies to assess its capital. The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach.

Tier 1 capital is considered core capital and includes common shareholders' equity adjusted for the aggregate impact of certain items included in other comprehensive income (loss) ("common equity tier 1 capital"), plus qualifying preferred stock, trust preferred securities and noncontrolling interests in consolidated subsidiaries subject to certain limitations. Total risk-based capital includes Tier 1 capital and other items such as subordinated debt and the allowance for credit losses. Capital measures are stated as a percentage of risk-weighted assets, which are measured based on their perceived credit risks and include certain off-balance sheet exposures, such as unfunded loan commitments, letters of credit, and derivative contracts. Beginning in 2022, the Company began to phase into its regulatory capital requirements the cumulative deferred impact of its 2020 adoption of the accounting guidance related to the impairment of financial instruments based on the current expected credit losses ("CECL") methodology plus 25 percent of its quarterly credit reserve increases over the past two years. This cumulative deferred impact will be phased into the Company's regulatory capital over the next three years, culminating with a fully phased in regulatory capital calculation beginning in 2025.

The Company is also subject to leverage ratio requirements, which is defined as Tier 1 capital as a percentage of adjusted average assets under the standardized approach and Tier 1 capital as a percentage of total on- and off-balance sheet leverage exposure under more risk-sensitive advanced approaches.

The following table provides a summary of the regulatory capital requirements in effect, along with the actual components and ratios for the Company and its bank subsidiaries, at December 31, 2022 and 2021:

(Dollars in Millions)	U.S. Bancorp 2022	U.S. Bancorp 2021	U.S. Bank National Association 2022	U.S. Bank National Association 2021	MUFG Union Bank National Association 2022
Basel III standardized approach:					
Common equity tier 1 capital	$ 41,560	$ 41,701	$ 46,681	$ 45,000	$10,888
Tier 1 capital	48,813	48,516	47,127	45,444	10,888
Total risk-based capital	59,015	56,250	56,736	53,125	11,565
Risk-weighted assets	496,500	418,571	436,764	412,979	58,641
Common equity tier 1 capital as a percent of risk-weighted assets	8.4%	10.0%	10.7%	10.9%	18.6%
Tier 1 capital as a percent of risk-weighted assets	9.8	11.6	10.8	11.0	18.6
Total risk-based capital as a percent of risk-weighted assets	11.9	13.4	13.0	12.9	19.7
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	7.9	8.6	8.1	8.2	10.9
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.4	6.9	6.5	6.6	10.1

	Minimum[a]	Well-Capitalized
Bank Regulatory Capital Requirements		
Common equity tier 1 capital as a percent of risk-weighted assets	7.0%	6.5%
Tier 1 capital as a percent of risk-weighted assets	8.5	8.0
Total risk-based capital as a percent of risk-weighted assets	10.5	10.0
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	4.0	5.0
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	3.0	3.0[b]

(a) The minimum common equity tier 1 capital, tier 1 capital and total risk-based capital ratio requirements reflect a stress capital buffer requirement of 2.5 percent. Banks and financial services holding companies must maintain minimum capital levels, including a stress capital buffer requirement, to avoid limitations on capital distributions and certain discretionary compensation payments.

(b) A minimum well-capitalized threshold does not apply to U.S. Bancorp for this ratio as it is not formally defined under applicable banking regulations for bank holding companies.

Noncontrolling interests principally represent third-party investors' interests in consolidated entities, including preferred stock of consolidated subsidiaries. During 2006, the Company's banking subsidiary formed USB Realty Corp., a real estate investment trust, for the purpose of issuing 5,000 shares of Fixed-to-Floating Rate Exchangeable Non-cumulative Perpetual Series A Preferred Stock with a liquidation preference of $100,000 per share ("Series A Preferred Securities") to third-party investors. Dividends on the Series A Preferred Securities, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to three-month LIBOR plus 1.147 percent. If USB Realty Corp. has not declared a dividend on the Series A Preferred Securities before the dividend payment date for any dividend period, such dividend shall not be cumulative and shall cease to accrue and be payable, and USB Realty Corp. will have no obligation to pay dividends accrued for such dividend period, whether or not dividends on the Series A Preferred Securities are declared for any future dividend period.

The Series A Preferred Securities will be redeemable, in whole or in part, at the option of USB Realty Corp. on each fifth anniversary after the dividend payment date occurring in January 2012. Any redemption will be subject to the approval of the Office of the Comptroller of the Currency. During 2016, the Company purchased 500 shares of the Series A Preferred Securities held by third-party investors. As of December 31, 2022, 4,500 shares of the Series A Preferred Securities remain outstanding.

NOTE 16 Earnings Per Share

The components of earnings per share were:

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2022	2021	2020
Net income attributable to U.S. Bancorp	$5,825	$7,963	$4,959
Preferred dividends	(296)	(303)	(304)
Impact of preferred stock call and redemption	–	(17)[a]	(13)[b]
Earnings allocated to participating stock awards	(28)	(38)	(21)
Net income applicable to U.S. Bancorp common shareholders	$5,501	$7,605	$4,621
Average common shares outstanding	1,489	1,489	1,509
Net effect of the exercise and assumed purchase of stock awards	1	1	1
Average diluted common shares outstanding	1,490	1,490	1,510
Earnings per common share	$ 3.69	$ 5.11	$ 3.06
Diluted earnings per common share	$ 3.69	$ 5.10	$ 3.06

(a) Represents stock issuance costs originally recorded in preferred stock upon the issuance of the Company's Series I and Series F Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

(b) Represents stock issuance costs originally recorded in preferred stock upon the issuance of the Company's Series H Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

Options outstanding at December 31, 2022 and 2020, to purchase 1 million and 2 million common shares, respectively, were not included in the computation of diluted earnings per share for the years ended December 31, 2022 and 2020, because they were antidilutive.

NOTE 17 Employee Benefits

Employee Retirement Savings Plan The Company has a defined contribution retirement savings plan that covers substantially all its employees. Qualified employees are allowed to contribute up to 75 percent of their annual compensation, subject to Internal Revenue Service limits, through salary deductions under Section 401(k) of the Internal Revenue Code. Employee contributions are invested at their direction among a variety of investment alternatives. Employee contributions are 100 percent matched by the Company, up to four percent of each employee's eligible annual compensation. The Company's matching contribution vests immediately and is invested in the same manner as each employee's future contribution elections. Total expense for the Company's matching contributions was $211 million, $213 million and $192 million in 2022, 2021 and 2020, respectively.

Pension and Postretirement Welfare Plans The Company has tax qualified noncontributory defined benefit pension plans, nonqualified pension plans and postretirement welfare plans. As part of the transaction discussed in Note 3, the Company assumed the December 1, 2022 assets and obligations of four MUB retiree benefit plans based on the Company's share of the underlying participant obligations of the respective plans.

Pension Plans The funded tax qualified noncontributory defined benefit pension plans are the U.S. Bank Pension Plan, U.S. Bank Legacy Pension Plan and the U.S. Bank MUFG Pension Plan. The plans provide benefits to substantially all the Company's employees. Participants receive annual cash balance pay credits based on eligible pay multiplied by a percentage determined by their age and/or years of service, as defined by the plan documents. Participants also receive an annual interest credit. Generally, employees become vested upon completing three years of vesting service. The U.S. Bank MUFG Pension Plan was closed to new participants effective December 1, 2022, and existing participants became vested effective January 1, 2023. The Company did not contribute to its qualified pension plans in 2022 and 2021 and does not expect to contribute to the plans in 2023.

The Company also maintains two non-qualified plans that are unfunded and provide benefits to certain employees. The assumptions used in computing the accumulated benefit obligation, the projected benefit obligation and net pension expense are substantially consistent with those assumptions used for the funded qualified plans. The U.S. Bank MUFG Supplemental Executive Retirement Plan was closed to new participants effective December 31, 2016. In 2023, the Company expects to contribute approximately $26 million to its non-qualified pension plans, which equals the 2023 expected benefit payments.

Postretirement Welfare Plans In addition to providing pension benefits, the Company has funded and unfunded postretirement welfare plans available to certain eligible participants based on their hire or retirement date. The plans are closed to new participants. In 2023, the Company expects to contribute approximately $4 million to its postretirement welfare plans.

The following table summarizes the changes in benefit obligations and plan assets for the years ended December 31, and the funded status and amounts recognized in the Consolidated Balance Sheet at December 31 for the retirement plans:

(Dollars in Millions)	Pension Plans 2022	Pension Plans 2021	Postretirement Welfare Plans 2022	Postretirement Welfare Plans 2021
Change In Projected Benefit Obligation[a]				
Benefit obligation at beginning of measurement period	$ 8,030	$ 7,805	$ 34	$ 38
Service cost	280	265	–	–
Interest cost	248	219	1	1
Participants' contributions	–	–	3	4
Plan amendments	2	–	–	–
Actuarial (gain) loss	(2,250)	(4)	(6)	(2)
Lump sum settlements	(76)	(71)	–	–
Benefit payments	(195)	(184)	(8)	(7)
Acquisitions (divestitures)	578	–	27	–
Benefit obligation at end of measurement period[b]	$ 6,617	$ 8,030	$ 51	$ 34
Change In Fair Value Of Plan Assets				
Fair value at beginning of measurement period	$ 8,113	$ 7,498	$ –	$ –
Actual return on plan assets	(1,245)	844	(1)	–
Employer contributions	28	26	5	3
Participants' contributions	–	–	4	4
Lump sum settlements	(76)	(71)	–	–
Benefit payments	(195)	(184)	(8)	(7)
Acquisitions (divestitures)	750	–	42	–
Fair value at end of measurement period	$ 7,375	$ 8,113	$ 42	$ –
Funded (Unfunded) Status	$ 758	$ 83	$ (9)	$(34)
Components Of The Consolidated Balance Sheet				
Noncurrent benefit asset	$ 1,286	$ 776	$ 15	$ –
Current benefit liability	(25)	(26)	(4)	(5)
Noncurrent benefit liability	(503)	(667)	(20)	(29)
Recognized amount	$ 758	$ 83	$ (9)	$(34)
Accumulated Other Comprehensive Income (Loss), Pretax				
Net actuarial (loss) gain	$(1,326)	$(1,989)	$ 57	$ 58
Net prior service credit (cost)	12	16	5	8
Recognized amount	$(1,314)	$(1,973)	$ 62	$ 66

(a) The decrease in the projected benefit obligation for 2022 was primarily due to a higher discount rate partially offset by the acquired MUB benefit obligations, and the increase for 2021 was primarily due to demographic experience partially offset by a higher discount rate.

(b) At December 31, 2022 and 2021, the accumulated benefit obligation for all pension plans was $5.0 billion and $7.3 billion, respectively.

The following table provides information for pension plans with benefit obligations in excess of plan assets at December 31:

(Dollars in Millions)	Pension Plans 2022	Pension Plans 2021	Postretirement Welfare Plans 2022	Postretirement Welfare Plans 2021
Plans with Projected Benefit Obligations in Excess of Plan Assets				
Projected benefit obligation	$528	$692	$ –	$ –
Fair value of plan assets	–	–	–	–
Plans with Accumulated Benefit Obligations in Excess of Plan Assets				
Accumulated benefit obligation	$487	$631	$24	$34
Fair value of plan assets	–	–	–	–

The following table sets forth the components of net periodic benefit cost and other amounts recognized in accumulated other comprehensive income (loss) for the years ended December 31 for the retirement plans:

(Dollars in Millions)	Pension Plans 2022	Pension Plans 2021	Pension Plans 2020	Postretirement Welfare Plans 2022	Postretirement Welfare Plans 2021	Postretirement Welfare Plans 2020
Components Of Net Periodic Benefit Cost						
Service cost	$ 280	$ 265	$ 235	$ –	$ –	$ –
Interest cost	248	219	235	1	1	1
Expected return on plan assets	(481)	(450)	(403)	–	–	(3)
Prior service cost (credit) amortization	(2)	(2)	–	(3)	(3)	(3)
Actuarial loss (gain) amortization	140	169	134	(7)	(7)	(6)
Net periodic benefit cost	$ 185	$ 201	$ 201	$(9)	$(9)	$(11)
Other Changes In Plan Assets And Benefit Obligations Recognized In Other Comprehensive Income (Loss)						
Net actuarial gain (loss) arising during the year	$ 523	$ 398	$(420)	$ 5	$ 2	$ 1
Net actuarial loss (gain) amortized during the year	140	169	134	(7)	(7)	(6)
Net prior service (cost) credit arising during the year	(2)	–	18	–	–	–
Net prior service cost (credit) amortized during the year	(2)	(2)	–	(3)	(3)	(3)
Total recognized in other comprehensive income (loss)	$ 659	$ 565	$(268)	$(5)	$(8)	$ (8)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ 474	$ 364	$(469)	$ 4	$ 1	$ 3

The following table sets forth weighted average assumptions used to determine the projected benefit obligations at December 31:

(Dollars in Millions)	Pension Plans 2022	Pension Plans 2021	Postretirement Welfare Plans 2022	Postretirement Welfare Plans 2021
Discount rate	5.55%	3.00%	5.43%	2.37%
Cash balance interest crediting rate	3.36	3.00	*	*
Rate of compensation increase[a]	4.13	3.56	*	*
Health care cost trend rate[b]				
Prior to age 65			6.50%	5.75%
After age 65			6.50%	5.75%

(a) Determined on an active liability-weighted basis.

(b) The 2022 pre-65 and post-65 rates are both assumed to decrease gradually to 5.00 percent by 2029 and remain at this level thereafter, and the 2021 pre-65 and post-65 rates were both assumed to decrease gradually to 5.00 percent by 2025 and remain at this level thereafter.

** Not applicable*

The following table sets forth weighted average assumptions used to determine net periodic benefit cost for the years ended December 31:

(Dollars in Millions)	Pension Plans 2022	Pension Plans 2021	Pension Plans 2020	Postretirement Welfare Plans 2022	Postretirement Welfare Plans 2021	Postretirement Welfare Plans 2020
Discount rate	3.00%	2.75%	3.40%	2.37%	2.37%	2.80%
Cash balance interest crediting rate	3.00	3.00	3.00	*	*	*
Expected return on plan assets[a]	6.50	6.50	7.25	6.50	*	3.50
Rate of compensation increase[b]	3.56	3.56	3.56	*	*	*
Health care cost trend rate[c]						
Prior to age 65				5.75%	5.75%	6.25%
After age 65				5.75	5.75	6.25

(a) With the help of an independent pension consultant, the Company considers several sources when developing its expected long-term rates of return on plan assets assumptions, including, but not limited to, past returns and estimates of future returns given the plans' asset allocation, economic conditions, and peer group LTROR information. The Company determines its expected long-term rates of return reflecting current economic conditions and plan assets.

(b) Determined on an active liability weighted basis.

(c) The 2022, 2021 and 2020 pre-65 and post-65 rates were both assumed to decrease gradually to 5.00 percent by 2025 and remain at that level thereafter.

** Not applicable*

Investment Policies and Asset Allocation In establishing its investment policies and asset allocation strategies, the Company considers expected returns and the volatility associated with different strategies. An independent consultant performs modeling that projects numerous outcomes using a broad range of possible scenarios, including a mix of possible rates of inflation and economic growth. Starting with current economic information, the model bases its projections on past relationships between inflation, fixed income rates and equity returns when these types of economic conditions have existed over the previous 30 years, both in the United States and in foreign countries. Estimated future returns and other actuarially determined adjustments are also considered in calculating the estimated return on assets.

Generally, based on historical performance of the various investment asset classes, investments in equities have outperformed other investment classes but are subject to higher volatility. In an effort to minimize volatility, while recognizing the long-term up-side potential of investing in equities, the Company's Compensation and Human Resources Committee has determined that a target asset allocation of 35 percent long duration bonds, 30 percent global equities, 10 percent real assets, 10 percent private equity funds, 5 percent domestic mid-small cap equities, 5 percent emerging markets equities, and 5 percent hedge funds is appropriate.

At December 31, 2022 and 2021 plan assets included an asset management arrangement with a related party totaling $87.8 million and $55.3 million, respectively.

In accordance with authoritative accounting guidance, the Company groups plan assets into a three-level hierarchy for valuation techniques used to measure their fair value based on whether the valuation inputs are observable or unobservable. Refer to Note 22 for further discussion on these levels.

The assets of the qualified pension plans include investments in equity and U.S. Treasury securities whose fair values are determined based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy. The qualified pension plans also invest in U.S. agency, corporate and municipal debt securities, which are all valued based on observable market prices or data by third party pricing services, and mutual funds which are valued based on quoted net asset values provided by the trustee of the fund; these assets are classified as Level 2. Additionally, the qualified pension plans invest in certain assets that are valued based on net asset values as a practical expedient, including investments in collective investment funds, hedge funds, and private equity funds; the net asset values are provided by the fund trustee or administrator and are not classified in the fair value hierarchy.

The following table summarizes plan investment assets measured at fair value at December 31:

	Qualified Pension Plans								Postretirement Welfare Plans			
	2022				2021				2022			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 202	$ –	$–	$ 202	$ 43	$ –	$–	$ 43	$ 7	$–	$–	$ 7
Debt securities	961	855	–	1,816	1,022	1,096	–	2,118	5	4	–	9
Mutual funds												
Debt securities	–	382	–	382	–	409	–	409	–	2	–	2
Emerging markets equity securities	–	156	–	156	–	188	–	188	–	1	–	1
Other	–	–	6	6	–	–	4	4	–	–	–	–
	$1,163	$1,393	$6	2,562	$1,065	$1,693	$4	2,762	$12	$7	$–	19
Plan investment assets not classified in fair value hierarchy[a]:												
Collective investment funds												
Domestic equity securities				1,494				1,958				7
Mid-small cap equity securities[b]				313				433				2
International equity securities				620				867				3
Domestic real estate securities				907				829				4
Hedge funds[c]				451				450				2
Private equity funds[d]				1,028				814				5
Total plan investment assets at fair value				$7,375				$8,113				$42

(a) These investments are valued based on net asset value per share as a practical expedient; fair values are provided to reconcile to total investment assets of the plans at fair value.

(b) At December 31, 2022 and 2021, securities included $315 million and $433 million in domestic equities, respectively.

(c) This category consists of several investment strategies diversified across several hedge fund managers.

(d) This category consists of several investment strategies diversified across several private equity fund managers.

The following table summarizes the changes in fair value for qualified pension plans investment assets measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	2022 Other	2021 Other	2020 Other
Balance at beginning of period	$4	$ 6	$3
Unrealized gains (losses) relating to assets still held at end of year	2	(2)	3
Purchases, sales, and settlements, net	–	–	–
Balance at end of period	$6	$ 4	$6

The following benefit payments are expected to be paid from the retirement plans for the years ended December 31:

(Dollars in Millions)	Pension Plans	Postretirement Welfare Plans[a]
2023	$ 337	$ 5
2024	332	5
2025	387	5
2026	394	5
2027	409	5
2028-2032	2,359	19

(a) Net of expected retiree contributions.

NOTE 18 Stock-Based Compensation

As part of its employee and director compensation programs, the Company currently may grant certain stock awards under the provisions of its stock incentive plan. The plan provides for grants of options to purchase shares of common stock at a fixed price equal to the fair value of the underlying stock at the date of grant. Option grants are generally exercisable up to ten years from the date of grant. In addition, the plan provides for grants of shares of common stock or stock units that are subject to restriction on transfer prior to vesting. Most stock and unit awards vest over three to five years and are subject to forfeiture if certain vesting requirements are not met. Stock incentive plans of acquired companies are generally terminated at the merger closing dates. Participants under such plans receive the Company's common stock, options to buy the Company's common stock, or long term cash incentives, based on the conversion terms of the various merger agreements. At December 31, 2022, there were 20 million shares (subject to adjustment for forfeitures) available for grant under the Company's stock incentive plan.

Stock Option Awards

The following is a summary of stock options outstanding and exercised under prior and existing stock incentive plans of the Company:

Year Ended December 31	Stock Options/Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
2022				
Number outstanding at beginning of period	3,890,131	$42.58		
Exercised	(624,729)	32.87		
Cancelled[a]	(12,312)	50.97		
Number outstanding at end of period[b]	3,253,090	$44.42	2.7	$ –
Exercisable at end of period	3,253,090	$44.42	2.7	$ –
2021				
Number outstanding at beginning of period	5,180,391	$40.38		
Exercised	(1,281,646)	33.66		
Cancelled[a]	(8,614)	48.20		
Number outstanding at end of period[b]	3,890,131	$42.58	3.3	$53
Exercisable at end of period	3,890,131	$42.58	3.3	$53
2020				
Number outstanding at beginning of period	5,718,256	$39.25		
Exercised	(513,293)	27.48		
Cancelled[a]	(24,572)	45.08		
Number outstanding at end of period[b]	5,180,391	$40.38	3.7	$32
Exercisable at end of period	4,942,077	$39.68	3.6	$34

Note: The Company did not grant any stock option awards during 2022, 2021, and 2020.

(a) Options cancelled include both non-vested (i.e., forfeitures) and vested options.

(b) Outstanding options include stock-based awards that may be forfeited in future periods. The impact of the estimated forfeitures is reflected in compensation expense.

Stock-based compensation expense is based on the estimated fair value of the award at the date of grant or modification. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model, requiring the use of subjective assumptions. Because employee stock options have characteristics that differ from those of traded options, including vesting provisions and trading limitations that impact their liquidity, the determined value used to measure compensation expense may vary from the actual fair value of the employee stock options.

The following summarizes certain stock option activity of the Company:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Fair value of options vested	$ –	$ 3	$ 7
Intrinsic value of options exercised	15	27	11
Cash received from options exercised	21	43	14
Tax benefit realized from options exercised	4	7	3

To satisfy option exercises, the Company predominantly uses treasury stock.

Additional information regarding stock options outstanding as of December 31, 2022, is as follows:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$30.01—$35.00	141,571	.1	33.95	141,571	33.95
$35.01—$40.00	1,019,379	3.1	39.49	1,019,379	39.49
$40.01—$45.00	1,242,665	1.7	42.44	1,242,665	42.44
$45.01—$50.00	–	–	–	–	–
$50.01—$55.01	849,475	4.1	54.96	849,475	54.96
	3,253,090	2.7	$44.42	3,253,090	$44.42

Restricted Stock and Unit Awards

A summary of the status of the Company's restricted shares of stock and unit awards is presented below:

	2022		2021		2020	
Year Ended December 31	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	6,812,753	$51.04	6,343,313	$51.38	6,606,833	$48.99
Granted	4,109,793	55.62	4,512,995	52.54	3,552,923	53.90
Vested	(3,690,666)	52.88	(3,793,978)	53.27	(3,534,770)	49.28
Cancelled	(351,054)	54.95	(249,577)	52.83	(281,673)	53.51
Outstanding at end of period	6,880,826	$52.59	6,812,753	$51.04	6,343,313	$51.38

The total fair value of shares vested was $198 million, $191 million and $182 million for the years ended December 31, 2022, 2021 and 2020, respectively. Stock-based compensation expense was $202 million, $207 million and $189 million for the years ended December 31, 2022, 2021 and 2020, respectively. On an after-tax basis, stock-based compensation was $152 million, $155 million and $142 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022, there was $158 million of total unrecognized compensation cost related to nonvested share-based arrangements granted under the plans. That cost is expected to be recognized over a weighted-average period of 1.8 years as compensation expense.

NOTE 19 Income Taxes

The components of income tax expense were:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Federal			
Current	$1,366	$1,203	$1,146
Deferred	(108)	469	(291)
Federal income tax	1,258	1,672	855
State			
Current	401	398	355
Deferred	(196)	111	(144)
State income tax	205	509	211
Total income tax provision	$1,463	$2,181	$1,066

A reconciliation of expected income tax expense at the federal statutory rate of 21 percent to the Company's applicable income tax expense follows:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Tax at statutory rate	$1,533	$2,135	$1,271
State income tax, at statutory rates, net of federal tax benefit	305	439	240
Tax effect of			
Tax credits and benefits, net of related expenses	(273)	(331)	(370)
Tax-exempt income	(121)	(114)	(117)
Revaluation of tax related assets and liabilities[(a)]	(79)	—	—
Nondeductible legal and regulatory expenses	37	24	29
Other items	61	28	13
Applicable income taxes	$1,463	$2,181	$1,066

(a) The 2022 acquisition of MUB resulted in an increase in the Company's state effective tax rate, requiring the Company to revalue its state deferred tax assets and liabilities. As a result of this revaluation, the Company recorded an estimated net tax benefit of $79 million during 2022.

The tax effects of fair value adjustments on securities available-for-sale, derivative instruments in cash flow hedges, foreign currency translation adjustments, and pension and post-retirement plans are recorded directly to shareholders' equity as part of other comprehensive income (loss).

In preparing its tax returns, the Company is required to interpret complex tax laws and regulations and utilize income and cost allocation methods to determine its taxable income. On an ongoing basis, the Company is subject to examinations by federal, state, local and foreign taxing authorities that may give rise to differing interpretations of these complex laws, regulations and methods. Due to the nature of the examination process, it generally takes years before these examinations are completed and matters are resolved. Federal tax examinations for all years ending through December 31, 2014 are completed and resolved. The Company's tax returns for the years ended December 31, 2015 through December 31, 2020 are under examination by the Internal Revenue Service. The years open to examination by foreign, state and local government authorities vary by jurisdiction.

A reconciliation of the changes in the federal, state and foreign uncertain tax position balances are summarized as follows:

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Balance at beginning of period	$487	$474	$432
Additions for tax positions taken in prior years	35	14	62
Additions for tax positions taken in the current year	3	7	6
Exam resolutions	(8)	(1)	(8)
Statute expirations	(4)	(7)	(18)
Balance at end of period	$513	$487	$474

The total amount of uncertain tax positions that, if recognized, would impact the effective income tax rate as of December 31, 2022, 2021 and 2020, were $294 million, $285 million and $280 million, respectively. The Company classifies interest and penalties related to uncertain tax positions as a component of income tax expense. At December 31, 2022, the Company's uncertain tax position balance included $52 million of accrued interest and penalties. During the years ended December 31, 2022, 2021 and 2020 the Company recorded approximately $7 million, $5 million and $5 million, respectively, in interest and penalties on uncertain tax positions.

Deferred income tax assets and liabilities reflect the tax effect of estimated temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for the same items for income tax reporting purposes.

The significant components of the Company's net deferred tax asset (liability) follows:

At December 31 (Dollars in Millions)	2022	2021
Deferred Tax Assets		
Securities available-for-sale and financial instruments	$ 3,992	$ 163
Federal, state and foreign net operating loss, credit carryforwards and other carryforwards	2,677	2,331
Allowance for credit losses	1,980	1,561
Loans	1,287	—
Accrued expenses	618	568
Obligation for operating leases	368	281
Partnerships and other investment assets	112	—
Stock compensation	81	76
Pension and postretirement benefits	—	8
Other deferred tax assets, net	501	451
Gross deferred tax assets	11,616	5,439
Deferred Tax Liabilities		
Leasing activities	(1,813)	(2,263)
Goodwill and other intangible assets	(1,575)	(845)
Mortgage servicing rights	(815)	(593)
Right of use operating leases	(325)	(246)
Pension and postretirement benefits	(172)	—
Fixed assets	(125)	(238)
Loans	—	(85)
Partnerships and other investment assets	—	(8)
Other deferred tax liabilities, net	(234)	(127)
Gross deferred tax liabilities	(5,059)	(4,405)
Valuation allowance	(263)	(249)
Net Deferred Tax Asset	$ 6,294	$ 785

The Company has approximately $2.8 billion of federal, state and foreign net operating loss carryforwards which expire at various times beginning in 2023. A substantial portion of these carryforwards relate to state-only net operating losses, for which the related deferred tax asset is subject to a full valuation allowance as the carryforwards are not expected to be realized within the carryforward period. Management has determined it is more likely than not the other net deferred tax assets could be realized through carry back to taxable income in prior years, future reversals of existing taxable temporary differences and future taxable income.

In addition, the Company has $1.7 billion of federal credit carryforwards which expire at various times through 2042 which are not subject to a valuation allowance as management believes that it is more likely than not that the credits will be utilized within the carryforward period.

At December 31, 2022, retained earnings included approximately $102 million of base year reserves of acquired thrift institutions, for which no deferred federal income tax liability has been recognized. These base year reserves would be recaptured if certain subsidiaries of the Company cease to qualify as a bank for federal income tax purposes. The base year reserves also remain subject to income tax penalty provisions that, in general, require recapture upon certain stock redemptions of, and excess distributions to, stockholders.

NOTE 20 Derivative Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. The Company recognizes all derivatives on the Consolidated Balance Sheet at fair value in other assets or in other liabilities. On the date the Company enters into a derivative contract, the derivative is designated as either a fair value hedge, cash flow hedge, net investment hedge, or a designation is not made as it is a customer-related transaction, an economic hedge for asset/liability risk management purposes or another stand-alone derivative created through the Company's operations ("free-standing derivative"). When a derivative is designated as a fair value, cash flow or net investment hedge, the Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

Fair Value Hedges These derivatives are interest rate swaps the Company uses to hedge the change in fair value related to interest rate changes of its underlying available-for-sale investment securities and fixed-rate debt. Changes in the fair value of derivatives designated as fair value hedges, and changes in the fair value of the hedged items, are recorded in earnings.

Cash Flow Hedges These derivatives are interest rate swaps the Company uses to hedge the forecasted cash flows from its underlying variable-rate loans and debt. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) until the cash flows of the hedged items are realized. If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss). At December 31, 2022, the Company had $114 million (net-of-tax) of realized and unrealized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared with $85 million (net-of-tax) of realized and unrealized losses at December 31, 2021. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss of $52 million (net-of-tax). All cash flow hedges were highly effective for the twelve months ended December 31, 2022. There were no derivatives held as cash flow hedges at December 31, 2021.

Net Investment Hedges The Company uses forward commitments to sell specified amounts of certain foreign currencies, and non-derivative debt instruments, to hedge the volatility of its net investment in foreign operations driven by fluctuations in foreign currency exchange rates. The carrying amount of non-derivative debt instruments designated as net investment hedges was $1.3 billion at December 31, 2022 and December 31, 2021.

Other Derivative Positions The Company enters into free-standing derivatives to mitigate interest rate risk and for other risk management purposes. These derivatives include forward commitments to sell to-be-announced securities ("TBAs") and other commitments to sell residential mortgage loans, which are used to economically hedge the interest rate risk related to mortgage loans held for sale ("MLHFS") and unfunded mortgage loan commitments. The Company also enters into interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to economically hedge the change in the fair value of the Company's MSRs. The Company also enters into foreign currency forwards to economically hedge remeasurement gains and losses the Company recognizes on foreign currency denominated assets and liabilities. In addition, the Company acts as a seller and buyer of interest rate derivatives and foreign exchange contracts for its customers. The Company mitigates the market and liquidity risk associated with these customer derivatives by entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure to earnings from these customer-related positions. The Company's customer derivatives and related hedges are monitored and reviewed by the Company's Market Risk Committee, which establishes policies for market risk management, including exposure limits for each portfolio. The Company also has derivative contracts that are created through its operations, including certain unfunded mortgage loan commitments and swap agreements related to the sale of a portion of its Class B common and preferred shares of Visa Inc. Refer to Note 23 for further information on these swap agreements. The Company may use credit derivatives to economically hedge credit risk.

The following table summarizes the asset and liability management derivative positions of the Company at December 31:

(Dollars in Millions)	2022 Notional Value	2022 Fair Value Assets	2022 Fair Value Liabilities	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities
Fair value hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	$17,400	$ –	$ 9	$ 12,350	$ –	$ –
Pay fixed/receive floating swaps	5,542	–	–	16,650	–	–
Cash flow hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	14,300	–	–	–	–	–
Net investment hedges						
Foreign exchange forward contracts	778	–	–	793	–	4
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	3,546	10	18	9,322	10	16
Sell	7,522	20	38	29,348	25	27
Options						
Purchased	11,434	346	–	18,570	256	–
Written	7,849	7	148	9,662	52	231
Receive fixed/pay floating swaps	9,215	–	3	9,653	–	–
Pay fixed/receive floating swaps	9,616	–	–	7,033	–	–
Foreign exchange forward contracts	962	2	6	735	2	6
Equity contracts	361	–	10	209	5	–
Credit contracts	330	–	–	–	–	–
Other[(a)]	1,908	11	190	1,792	–	125
Total	$90,763	$396	$422	$116,117	$350	$409

(a) Includes derivative liability swap agreements related to the sale of a portion of the Company's Class B common and preferred shares of Visa Inc. The Visa swap agreements had a total notional value and fair value of $1.8 billion and $190 million at December 31, 2022, respectively, compared to $1.8 billion and $125 million at December 31, 2021, respectively. In addition, includes short-term underwriting purchase and sale commitments with total notional values of $13 million at December 31, 2022, and $8 million at December 31, 2021.

The following table summarizes the customer-related derivative positions of the Company at December 31:

(Dollars in Millions)	2022 Notional Value	2022 Fair Value Assets	2022 Fair Value Liabilities	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities
Interest rate contracts						
Receive fixed/pay floating swaps	$ 301,690	$ 309	$ 5,689	$178,701	$2,007	$ 438
Pay fixed/receive floating swaps	316,133	2,323	206	174,176	134	670
Other[(a)]	40,261	3	16	16,267	1	2
Options						
Purchased	103,489	1,794	5	89,679	194	36
Written	99,923	6	1,779	85,211	36	176
Futures						
Buy	3,623	–	4	3,607	–	–
Sell	2,376	8	–	3,941	–	–
Foreign exchange rate contracts						
Forwards, spots and swaps	134,666	3,010	2,548	89,321	1,145	1,143
Options						
Purchased	954	22	–	805	19	–
Written	954	–	22	805	–	19
Credit contracts	10,765	1	8	9,331	1	5
Total	$1,014,834	$7,476	$10,277	$651,844	$3,537	$2,489

(a) Primarily represents floating rate interest rate swaps that pay based on differentials between specified interest rate indexes.

The table below shows the effective portion of the gains (losses) recognized in other comprehensive income (loss) and the gains (losses) reclassified from other comprehensive income (loss) into earnings (net-of-tax) for the years ended December 31:

	Gains (Losses) Recognized in Other Comprehensive Income (Loss)			Gains (Losses) Reclassified from Other Comprehensive Income (Loss) into Earnings		
(Dollars in Millions)	2022	2021	2020	2022	2021	2020
Asset and Liability Management Positions						
Cash flow hedges						
Interest rate contracts	$(56)	$94	$(145)	$(27)	$(10)	$(7)
Net investment hedges						
Foreign exchange forward contracts	42	19	(21)	–	–	–
Non-derivative debt instruments	59	84	(90)	–	–	–

Note: The Company does not exclude components from effectiveness testing for cash flow and net investment hedges.

The table below shows the effect of fair value and cash flow hedge accounting on the Consolidated Statement of Income for the years ended December 31:

	Interest Income			Interest Expense		
(Dollars in Millions)	2022	2021	2020	2022	2021	2020
Total amount of income and expense line items presented in the Consolidated Statement of Income in which the effects of fair value or cash flow hedges are recorded	$17,945	$13,487	$14,840	$3,217	$ 993	$2,015
Asset and Liability Management Positions						
Fair value hedges						
Interest rate contract derivatives	138	17	1	482	232	(134)
Hedged items	(139)	(19)	(1)	(486)	(232)	134
Cash flow hedges						
Interest rate contract derivatives	–	–	–	–	14	10

Note: The Company does not exclude components from effectiveness testing for fair value and cash flow hedges. The Company reclassified losses of $36 million, $53 million and $41 million into earnings during the years ended December 31, 2022, 2021 and 2020, respectively, as a result of realized cash flows on discontinued cash flow hedges. No amounts were reclassified into earnings on discontinued cash flow hedges because it is probable the original hedged forecasted cash flows will not occur.

The table below shows cumulative hedging adjustments and the carrying amount of assets and liabilities designated in fair value hedges at December 31:

	Carrying Amount of the Hedged Assets and Liabilities		Cumulative Hedging Adjustment[(a)]	
(Dollars in Millions)	2022	2021	2022	2021
Line Item in the Consolidated Balance Sheet				
Available-for-sale investment securities	$ 4,937	$16,445	$(552)	$(26)
Long-term debt	17,190	12,278	(142)	585

(a) The cumulative hedging adjustment related to discontinued hedging relationships on available-for-sale investment securities and long-term debt was $(392) million and $399 million, respectively, at December 31, 2022, compared with $(6) million and $640 million at December 31, 2021, respectively.

The table below shows the gains (losses) recognized in earnings for other economic hedges and the customer-related positions for the years ended December 31:

(Dollars in Millions)	Location of Gains (Losses) Recognized in Earnings	2022	2021	2020
Asset and Liability Management Positions				
Other economic hedges				
Interest rate contracts				
Futures and forwards	Mortgage banking revenue	$ 407	$ 511	$ 82
Purchased and written options	Mortgage banking revenue	1	527	1,527
Swaps	Mortgage banking revenue/ Other noninterest income	(1,010)	(197)	598
Foreign exchange forward contracts	Other noninterest income	(1)	1	3
Equity contracts	Compensation expense	(8)	7	3
Other	Other noninterest income	(181)	5	(70)
Customer-Related Positions				
Interest rate contracts				
Swaps	Commercial products revenue	98	110	135
Purchased and written options	Commercial products revenue	20	(5)	(8)
Futures	Commercial products revenue	30	3	(18)
Foreign exchange rate contracts				
Forwards, spots and swaps	Commercial products revenue	100	93	78
Purchased and written options	Commercial products revenue	1	1	1
Credit contracts	Commercial products revenue-	20	(7)	(32)

Derivatives are subject to credit risk associated with counterparties to the derivative contracts. The Company measures that credit risk using a credit valuation adjustment and includes it within the fair value of the derivative. The Company manages counterparty credit risk through diversification of its derivative positions among various counterparties, by entering into derivative positions that are centrally cleared through clearinghouses, by entering into master netting arrangements and, where possible, by requiring collateral arrangements. A master netting arrangement allows two counterparties, who have multiple derivative contracts with each other, the ability to net settle amounts under all contracts, including any related collateral, through a single payment and in a single currency. Collateral arrangements generally require the counterparty to deliver collateral (typically cash or U.S. Treasury and agency securities) equal to the Company's net derivative receivable, subject to minimum transfer and credit rating requirements.

The Company's collateral arrangements are predominately bilateral and, therefore, contain provisions that require collateralization of the Company's net liability derivative positions. Required collateral coverage is based on net liability thresholds and may be contingent upon the Company's credit rating from two of the nationally recognized statistical rating organizations. If the Company's credit rating were to fall below credit ratings thresholds established in the collateral arrangements, the counterparties to the derivatives could request immediate additional collateral coverage up to and including full collateral coverage for derivatives in a net liability position. The aggregate fair value of all derivatives under collateral arrangements that were in a net liability position at December 31, 2022, was $2.6 billion. At December 31, 2022, the Company had $2.1 billion of cash posted as collateral against this net liability position.

NOTE 21 Netting Arrangements for Certain Financial Instruments and Securities Financing Activities

The Company's derivative portfolio consists of bilateral over-the-counter trades, certain interest rate derivatives and credit contracts required to be centrally cleared through clearinghouses per current regulations, and exchange-traded positions which may include U.S. Treasury and Eurodollar futures or options on U.S. Treasury futures. Of the Company's $1.1 trillion total notional amount of derivative positions at December 31, 2022, $526.3 billion related to bilateral over-the-counter trades, $571.5 billion related to those centrally cleared through clearinghouses and $7.8 billion related to those that were exchange-traded. The Company's derivative contracts typically include offsetting rights (referred to as netting arrangements), and depending on expected volume, credit risk, and counterparty preference, collateral maintenance may be required. For all derivatives under collateral support arrangements, fair value is determined daily and, depending on the collateral maintenance requirements, the Company and a counterparty may receive or deliver collateral, based upon the net fair value of all derivative positions between the Company and the counterparty. Collateral is typically cash, but securities may be allowed under collateral arrangements with certain counterparties. Receivables and payables related to cash collateral are included in other assets and other liabilities on the Consolidated Balance Sheet, along with the related derivative asset and liability fair values. Any securities pledged to counterparties as collateral remain on the Consolidated Balance Sheet. Securities received from counterparties as collateral are not recognized on the Consolidated Balance Sheet, unless the counterparty defaults. In general, securities used as collateral can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Refer to Note 20 for further discussion of the Company's derivatives, including collateral arrangements.

As part of the Company's treasury and broker-dealer operations, the Company executes transactions that are treated as securities sold under agreements to repurchase or securities purchased under agreements to resell, both of which are accounted for as collateralized financings. Securities sold under agreements to repurchase include repurchase agreements and securities loaned transactions. Securities purchased under agreements to resell include reverse repurchase agreements and securities borrowed transactions. For securities sold under agreements to repurchase, the Company records a liability for the cash received, which is included in short-term borrowings on the Consolidated Balance Sheet. For securities purchased under agreements to resell, the Company records a receivable for the cash paid, which is included in other assets on the Consolidated Balance Sheet.

Securities transferred to counterparties under repurchase agreements and securities loaned transactions continue to be recognized on the Consolidated Balance Sheet, are measured at fair value, and are included in investment securities or other assets. Securities received from counterparties under reverse repurchase agreements and securities borrowed transactions are not recognized on the Consolidated Balance Sheet unless the counterparty defaults. The securities transferred under repurchase and reverse repurchase transactions typically are U.S. Treasury and agency securities, residential agency mortgage-backed securities or corporate debt securities. The securities loaned or borrowed typically are corporate debt securities traded by the Company's broker-dealer subsidiary. In general, the securities transferred can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Repurchase/reverse repurchase and securities loaned/borrowed transactions expose the Company to counterparty risk. The Company manages this risk by performing assessments, independent of business line managers, and establishing concentration limits on each counterparty. Additionally, these transactions include collateral arrangements that require the fair values of the underlying securities to be determined daily, resulting in cash being obtained or refunded to counterparties to maintain specified collateral levels.

The following table summarizes the maturities by category of collateral pledged for repurchase agreements and securities loaned transactions:

(Dollars in Millions)	Overnight and Continuous	Less Than 30 Days	30-89 Days	Greater Than 90 Days	Total
December 31, 2022					
Repurchase agreements					
U.S. Treasury and agencies	$ 147	$–	$–	$–	$ 147
Residential agency mortgage-backed securities	846	–	–	–	846
Corporate debt securities	439	–	–	–	439
Total repurchase agreements	1,432	–	–	–	1,432
Securities loaned					
Corporate debt securities	120	–	–	–	120
Total securities loaned	120	–	–	–	120
Gross amount of recognized liabilities	$1,552	$–	$–	$–	$1,552
December 31, 2021					
Repurchase agreements					
U.S. Treasury and agencies	$ 378	$–	$–	$–	$ 378
Residential agency mortgage-backed securities	551	–	–	–	551
Corporate debt securities	646	–	–	–	646
Total repurchase agreements	1,575	–	–	–	1,575
Securities loaned					
Corporate debt securities	169	–	–	–	169
Total securities loaned	169	–	–	–	169
Gross amount of recognized liabilities	$1,744	$–	$–	$–	$1,744

The Company executes its derivative, repurchase/reverse repurchase and securities loaned/borrowed transactions under the respective industry standard agreements. These agreements include master netting arrangements that allow for multiple contracts executed with the same counterparty to be viewed as a single arrangement. This allows for net settlement of a single amount on a daily basis. In the event of default, the master netting arrangement provides for close-out netting, which allows all of these positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The Company has elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of the majority of its derivative counterparties. The netting occurs at the counterparty level, and includes all assets and liabilities related to the derivative contracts, including those associated with cash collateral received or delivered. The Company has not elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of repurchase/reverse repurchase and securities loaned/borrowed transactions.

The following tables provide information on the Company's netting adjustments, and items not offset on the Consolidated Balance Sheet but available for offset in the event of default:

(Dollars in Millions)	Gross Recognized Assets	Gross Amounts Offset on the Consolidated Balance Sheet[a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments[b]	Collateral Received[c]	
December 31, 2022						
Derivative assets[d]	$7,852	$(5,427)	$2,425	$(231)	$ (80)	$2,114
Reverse repurchase agreements	107	–	107	(102)	(5)	–
Securities borrowed	1,606	–	1,606	–	(1,548)	58
Total	$9,565	$(5,427)	$4,138	$(333)	$(1,633)	$2,172
December 31, 2021						
Derivative assets[d]	$3,830	$(1,609)	$2,221	$(142)	$ (106)	$1,973
Reverse repurchase agreements	359	–	359	(249)	(110)	–
Securities borrowed	1,868	–	1,868	–	(1,818)	50
Total	$6,057	$(1,609)	$4,448	$(391)	$(2,034)	$2,023

(a) Includes $3.0 billion and $528 million of cash collateral related payables that were netted against derivative assets at December 31, 2022 and 2021, respectively.

(b) For derivative assets this includes any derivative liability fair values that could be offset in the event of counterparty default; for reverse repurchase agreements this includes any repurchase agreement payables that could be offset in the event of counterparty default; for securities borrowed this includes any securities loaned payables that could be offset in the event of counterparty default.

(c) Includes the fair value of securities received by the Company from the counterparty. These securities are not included on the Consolidated Balance Sheet unless the counterparty defaults.

(d) Excludes $20 million and $57 million at December 31, 2022 and 2021, respectively, of derivative assets not subject to netting arrangements.

(Dollars in Millions)	Gross Recognized Liabilities	Gross Amounts Offset on the Consolidated Balance Sheet[a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments[b]	Collateral Pledged[c]	
December 31, 2022						
Derivative liabilities[d]	$10,506	$(4,551)	$5,955	$(231)	$ –	$5,724
Repurchase agreements	1,432	–	1,432	(102)	(1,325)	5
Securities loaned	120	–	120	–	(118)	2
Total	$12,058	$(4,551)	$7,507	$(333)	$(1,443)	$5,731
December 31, 2021						
Derivative liabilities[d]	$ 2,761	$(1,589)	$1,172	$(142)	$ –	$1,030
Repurchase agreements	1,575	–	1,575	(249)	(1,326)	–
Securities loaned	169	–	169	–	(167)	2
Total	$ 4,505	$(1,589)	$2,916	$(391)	$(1,493)	$1,032

(a) Includes $2.1 billion and $508 million of cash collateral related receivables that were netted against derivative liabilities at December 31, 2022 and 2021, respectively.

(b) For derivative liabilities this includes any derivative asset fair values that could be offset in the event of counterparty default; for repurchase agreements this includes any reverse repurchase agreement receivables that could be offset in the event of counterparty default; for securities loaned this includes any securities borrowed receivables that could be offset in the event of counterparty default.

(c) Includes the fair value of securities pledged by the Company to the counterparty. These securities are included on the Consolidated Balance Sheet unless the Company defaults.

(d) Excludes $193 million and $137 million at December 31, 2022 and 2021, respectively, of derivative liabilities not subject to netting arrangements.

NOTE 22 Fair Values of Assets and Liabilities

The Company uses fair value measurements for the initial recording of certain assets and liabilities, periodic remeasurement of certain assets and liabilities, and disclosures. Derivatives, trading and available-for-sale investment securities, MSRs and substantially all MLHFS are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-fair value accounting or impairment write-downs of individual assets. In addition, refer to Note 3 regarding the fair value of assets and liabilities acquired in the MUB acquisition.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value measurement reflects all of the assumptions that market participants would use in pricing the asset or liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The Company groups its assets and liabilities measured at fair value into a three-level hierarchy for valuation techniques used to measure financial assets and financial liabilities at fair value. This hierarchy is based on whether the valuation inputs are observable or unobservable. These levels are:

- Level 1 — Quoted prices in active markets for identical assets or liabilities. Level 1 includes U.S. Treasury securities, as well as exchange-traded instruments.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 includes debt securities that are traded less frequently than exchange-traded instruments and which are typically valued using third party pricing services; derivative contracts and other assets and liabilities, including securities, whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data; and MLHFS whose values are determined using quoted prices for similar assets or pricing models with inputs that are observable in the market or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes MSRs and certain derivative contracts.

Valuation Methodologies

The valuation methodologies used by the Company to measure financial assets and liabilities at fair value are described below. In addition, the following section includes an indication of the level of the fair value hierarchy in which the assets or liabilities are classified. Where appropriate, the descriptions include information about the valuation models and key inputs to those models. During the years ended December 31, 2022, 2021 and 2020, there were no significant changes to the valuation techniques used by the Company to measure fair value.

Available-For-Sale Investment Securities When quoted market prices for identical securities are available in an active market, these prices are used to determine fair value and these securities are classified within Level 1 of the fair value hierarchy. Level 1 investment securities include U.S. Treasury and exchange-traded securities.

For other securities, quoted market prices may not be readily available for the specific securities. When possible, the Company determines fair value based on market observable information, including quoted market prices for similar securities, inactive transaction prices, and broker quotes. These securities are classified within Level 2 of the fair value hierarchy. Level 2 valuations are generally provided by a third-party pricing service. Level 2 investment securities are predominantly agency mortgage-backed securities, certain other asset-backed securities, obligations of state and political subdivisions and agency debt securities.

Mortgage Loans Held For Sale MLHFS measured at fair value, for which an active secondary market and readily available market prices exist, are initially valued at the transaction price and are subsequently valued by comparison to instruments with similar collateral and risk profiles. MLHFS are classified within Level 2. Included in mortgage banking revenue was a net loss of $450 million, a net loss of $145 million and a net gain of $362 million for the years ended December 31, 2022, 2021 and 2020, respectively, from the changes to fair value of these MLHFS under fair value option accounting guidance. Changes in fair value due to instrument specific credit risk were immaterial. Interest income for MLHFS is measured based on contractual interest rates and reported as interest income on the Consolidated Statement of Income. Electing to measure MLHFS at fair value reduces certain timing differences and better matches changes in fair value of these assets with changes in the value of the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.

Mortgage Servicing Rights MSRs are valued using a discounted cash flow methodology, and are classified within Level 3. The Company determines fair value of the MSRs by projecting future cash flows for different interest rate scenarios using prepayment rates and other assumptions, and discounts these cash flows using a risk adjusted rate based on option

adjusted spread levels. There is minimal observable market activity for MSRs on comparable portfolios and, therefore, the determination of fair value requires significant management judgment. Refer to Note 10 for further information on MSR valuation assumptions.

Derivatives The majority of derivatives held by the Company are executed over-the-counter or centrally cleared through clearinghouses and are valued using market standard cash flow valuation techniques. The models incorporate inputs, depending on the type of derivative, including interest rate curves, foreign exchange rates and volatility. All derivative values incorporate an assessment of the risk of counterparty nonperformance, measured based on the Company's evaluation of credit risk including external assessments of credit risk. The Company monitors and manages its nonperformance risk by considering its ability to net derivative positions under master netting arrangements, as well as collateral received or provided under collateral arrangements. Accordingly, the Company has elected to measure the fair value of derivatives, at a counterparty level, on a net basis. The majority of the derivatives are classified within Level 2 of the fair value hierarchy, as the significant inputs to the models, including nonperformance risk, are observable. However, certain derivative transactions are with counterparties where risk of nonperformance cannot be observed in the market and, therefore, the credit valuation adjustments result in these derivatives being classified within Level 3 of the fair value hierarchy.

The Company also has other derivative contracts that are created through its operations, including commitments to purchase and originate mortgage loans and swap agreements executed in conjunction with the sale of a portion of its Class B common and preferred shares of Visa Inc. (the "Visa swaps"). The mortgage loan commitments are valued by pricing models that include market observable and unobservable inputs, which result in the commitments being classified within Level 3 of the fair value hierarchy. The unobservable inputs include assumptions about the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. The Visa swaps require payments by either the Company or the purchaser of the Visa Inc. Class B common and preferred shares when there are changes in the conversion rate of the Visa Inc. Class B common and preferred shares to Visa Inc. Class A common and preferred shares, respectively, as well as quarterly payments to the purchaser based on specified terms of the agreements. Management reviews and updates the Visa swaps fair value in conjunction with its review of Visa Inc. related litigation contingencies, and the associated escrow funding. The expected litigation resolution impacts the Visa Inc. Class B common share to Visa Inc. Class A common share conversion rate, as well as the ultimate termination date for the Visa swaps. Accordingly, the Visa swaps are classified within Level 3. Refer to Note 23 for further information on the Visa Inc. restructuring and related card association litigation.

Significant Unobservable Inputs of Level 3 Assets and Liabilities

The following section provides information to facilitate an understanding of the uncertainty in the fair value measurements for the Company's Level 3 assets and liabilities recorded at fair value on the Consolidated Balance Sheet. This section includes a description of the significant inputs used by the Company and a description of any interrelationships between these inputs. The discussion below excludes nonrecurring fair value measurements of collateral value used for impairment measures for loans and OREO. These valuations utilize third party appraisal or broker price opinions, and are classified as Level 3 due to the significant judgment involved.

Mortgage Servicing Rights The significant unobservable inputs used in the fair value measurement of the Company's MSRs are expected prepayments and the option adjusted spread that is added to the risk-free rate to discount projected cash flows. Significant increases in either of these inputs in isolation would have resulted in a significantly lower fair value measurement. Significant decreases in either of these inputs in isolation would have resulted in a significantly higher fair value measurement. There is no direct interrelationship between prepayments and option adjusted spread. Prepayment rates generally move in the opposite direction of market interest rates. Option adjusted spread is generally impacted by changes in market return requirements.

The following table shows the significant valuation assumption ranges for MSRs at December 31, 2022:

	Minimum	Maximum	Weighted-Average[a]
Expected prepayment	5%	17%	8%
Option adjusted spread	5	11	6

(a) Determined based on the relative fair value of the related mortgage loans serviced.

Derivatives The Company has two distinct Level 3 derivative portfolios: (i) the Company's commitments to purchase and originate mortgage loans that meet the requirements of a derivative and (ii) the Company's asset/liability and customer-related derivatives that are Level 3 due to unobservable inputs related to measurement of risk of nonperformance by the counterparty. In addition, the Company's Visa swaps are classified within Level 3.

The significant unobservable inputs used in the fair value measurement of the Company's derivative commitments to purchase and originate mortgage loans are the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. A significant increase in the rate of loans that close would have resulted in a larger derivative asset or liability. A significant increase in the inherent MSR value would have resulted in an increase in the derivative asset or a reduction in the derivative liability. Expected loan close rates and the inherent MSR values are directly impacted by changes in market rates and will generally move in the same direction as interest rates.

The following table shows the significant valuation assumption ranges for the Company's derivative commitments to purchase and originate mortgage loans at December 31, 2022:

	Minimum	Maximum	Weighted-Average[a]
Expected loan close rate	3%	100%	81%
Inherent MSR value (basis points per loan)	31	187	112

(a) Determined based on the relative fair value of the related mortgage loans.

The significant unobservable input used in the fair value measurement of certain of the Company's asset/liability and customer-related derivatives is the credit valuation adjustment related to the risk of counterparty nonperformance. A significant increase in the credit valuation adjustment would have resulted in a lower fair value measurement. A significant decrease in the credit valuation adjustment would have resulted in a higher fair value measurement. The credit valuation adjustment is impacted by changes in market rates, volatility, market implied credit spreads, and loss recovery rates, as well as the Company's assessment of the counterparty's credit position. At December 31, 2022, the minimum, maximum and weighted-average credit valuation adjustment as a percentage of the net fair value of the counterparty's derivative contracts prior to adjustment was 0 percent, 1,867 percent and 2 percent, respectively.

The significant unobservable inputs used in the fair value measurement of the Visa swaps are management's estimate of the probability of certain litigation scenarios occurring, and the timing of the resolution of the related litigation loss estimates in excess, or shortfall, of the Company's proportional share of escrow funds. An increase in the loss estimate or a delay in the resolution of the related litigation would have resulted in an increase in the derivative liability. A decrease in the loss estimate or an acceleration of the resolution of the related litigation would have resulted in a decrease in the derivative liability.

The following table summarizes the balances of assets and liabilities measured at fair value on a recurring basis:

(Dollars in Millions)	Level 1	Level 2	Level 3	Netting	Total
December 31, 2022					
Available-for-sale securities					
U.S. Treasury and agencies	$13,723	$ 8,310	$ –	$ –	$ 22,033
Mortgage-backed securities					
Residential agency	–	29,271	–	–	29,271
Commercial					
Agency	–	7,145	–	–	7,145
Non-agency	–	7	–	–	7
Asset-backed securities	–	4,323	–	–	4,323
Obligations of state and political subdivisions	–	10,124	1	–	10,125
Other	–	6	–	–	6
Total available-for-sale	13,723	59,186	1	–	72,910
Mortgage loans held for sale	–	1,849	–	–	1,849
Mortgage servicing rights	–	–	3,755	–	3,755
Derivative assets	9	6,608	1,255	(5,427)	2,445
Other assets	248	1,756	–	–	2,004
Total	$13,980	$ 69,399	$5,011	$(5,427)	$ 82,963
Derivative liabilities	$ 4	$ 6,241	$4,454	$(4,551)	$ 6,148
Short-term borrowings and other liabilities (a)	125	1,564	–	–	1,689
Total	$ 129	$ 7,805	$4,454	$(4,551)	$ 7,837
December 31, 2021					
Available-for-sale securities					
U.S. Treasury and agencies	$30,917	$ 5,692	$ –	$ –	$ 36,609
Mortgage-backed securities					
Residential agency	–	77,079	–	–	77,079
Commercial agency	–	8,485	–	–	8,485
Asset-backed securities	–	59	7	–	66
Obligations of state and political subdivisions	–	10,716	1	–	10,717
Other	–	7	–	–	7
Total available-for-sale	30,917	102,038	8	–	132,963
Mortgage loans held for sale	–	6,623	–	–	6,623
Mortgage servicing rights	–	–	2,953	–	2,953
Derivative assets	8	2,490	1,389	(1,609)	2,278
Other assets	278	1,921	–	–	2,199
Total	$31,203	$113,072	$4,350	$(1,609)	$147,016
Derivative liabilities	$ –	$ 2,308	$ 590	$(1,589)	$ 1,309
Short-term borrowings and other liabilities (a)	209	1,837	–	–	2,046
Total	$ 209	$ 4,145	$ 590	$(1,589)	$ 3,355

Note: Excluded from the table above are equity investments without readily determinable fair values. The Company has elected to carry these investments at historical cost, adjusted for impairment and any changes resulting from observable price changes for identical or similar investments of the issuer. The aggregate carrying amount of these equity investments was $104 million and $79 million at December 31, 2022 and 2021, respectively. The Company has not recorded impairments or adjustments for observable price changes on these equity investments during 2022 and 2021, or on a cumulative basis.

(a) Primarily represents the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

The following table presents the changes in fair value for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	Beginning of Period Balance	Net Gains (Losses) Included in Net Income	Net Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases	Sales	Principal Payments	Issuances	Settlements	Transfers into Level 3	End of Period Balance	Net Change in Unrealized Gains (Losses) Relating to Assets and Liabilities Held at End of Period
2022											
Available-for-sale securities											
Asset-backed securities	$ 7	$ –	$(3)	$ –	$ (4)	$ –	$ –	$ –	$ –	$ –	$ –
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	8	–	(3)	–	(4)	–	–	–	–	1	–
Mortgage servicing rights	2,953	311[a]	–	156	(255)	–	590[c]	–	–	3,755	311[a]
Net derivative assets and liabilities	799	(5,940)[b]	–	716	(36)	–	11	1,251	–	(3,199)	(3,538)[d]
2021											
Available-for-sale securities											
Asset-backed securities	$ 7	$ –	$ 1	$ –	$ –	$(1)	$ –	$ –	$ –	$ 7	$ 1
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	8	–	1	–	–	(1)	–	–	–	8	1
Mortgage servicing rights	2,210	(437)[a]	–	42	2	–	1,136[c]	–	–	2,953	(437)[a]
Net derivative assets and liabilities	2,326	(924)[e]	–	337	(3)	–	–	(937)	–	799	(968)[f]
2020											
Available-for-sale securities											
Asset-backed securities	$ 8	$ –	$ –	$ –	$ –	$(1)	$ –	$ –	$ –	$ 7	$ –
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	9	–	–	–	–	(1)	–	–	–	8	–
Mortgage servicing rights	2,546	(1,403)[a]	–	34	3	–	1,030[c]	–	–	2,210	(1,403)[a]
Net derivative assets and liabilities	810	2,922[g]	–	247	(3)	–	–	(1,650)	–	2,326	1,649[h]

(a) Included in mortgage banking revenue.
(b) Approximately $(141) million, $(5.6) billion and $(181) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(c) Represents MSRs capitalized during the period.
(d) Approximately $5 million, $(3.4) billion and $(181) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(e) Approximately $666 million, $(1.6) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(f) Approximately $42 million, $(1.0) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(g) Approximately $1.9 billion, $1.1 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(h) Approximately $247 million, $1.5 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

The Company is also required periodically to measure certain other financial assets at fair value on a nonrecurring basis. These measurements of fair value usually result from the application of lower-of-cost-or-fair value accounting or write-downs of individual assets.

The following table summarizes the balances as of the measurement date of assets measured at fair value on a nonrecurring basis, and still held as of December 31:

	2022				2021			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans [a]	$ –	$ –	$ 97	$ 97	$ –	$ –	$ 59	$ 59
Other assets [b]	–	–	21	21	–	–	77	77

(a) Represents the carrying value of loans for which adjustments were based on the fair value of the collateral, excluding loans fully charged-off.
(b) Primarily represents the fair value of foreclosed properties that were measured at fair value based on an appraisal or broker price opinion of the collateral subsequent to their initial acquisition.

The following table summarizes losses recognized related to nonrecurring fair value measurements of individual assets or portfolios for the years ended December 31:

(Dollars in Millions)	2022	2021	2020
Loans[a]	$40	$60	$426
Other assets[b]	20	25	21

(a) Represents write-downs of loans which were based on the fair value of the collateral, excluding loans fully charged-off.

(b) Primarily represents related losses of foreclosed properties that were measured at fair value subsequent to their initial acquisition.

Fair Value Option

The following table summarizes the differences between the aggregate fair value carrying amount of MLHFS for which the fair value option has been elected and the aggregate unpaid principal amount that the Company is contractually obligated to receive at maturity as of December 31:

	2022			2021		
(Dollars in Millions)	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal
Total loans	$1,849	$1,848	$1	$6,623	$6,453	$170
Nonaccrual loans	1	1	–	1	1	–
Loans 90 days or more past due	1	1	–	2	2	–

Fair Value of Financial Instruments

The following section summarizes the estimated fair value for financial instruments accounted for at amortized cost as of December 31, 2022 and 2021. In accordance with disclosure guidance related to fair values of financial instruments, the Company did not include assets and liabilities that are not financial instruments, such as the value of goodwill, long-term relationships with deposit, credit card, merchant processing and trust customers, other purchased intangibles, premises and equipment, deferred taxes and other liabilities. Additionally, in accordance with the disclosure guidance, receivables and payables due in one year or less, insurance contracts, equity investments not accounted for at fair value, and deposits with no defined or contractual maturities are excluded.

The estimated fair values of the Company's financial instruments as of December 31, are shown in the table below:

	2022					2021				
	Carrying	Fair Value				Carrying	Fair Value			
(Dollars in Millions)	Amount	Level 1	Level 2	Level 3	Total	Amount	Level 1	Level 2	Level 3	Total
Financial Assets										
Cash and due from banks	$ 53,542	$ 53,542	$ –	$ –	$ 53,542	$ 28,905	$ 28,905	$ –	$ –	$ 28,905
Federal funds sold and securities purchased under resale agreements	356	–	356	–	356	359	–	359	–	359
Investment securities held-to-maturity	88,740	1,293	76,581	–	77,874	41,858	–	41,812	–	41,812
Loans held for sale[a]	351	–	–	351	351	1,152	–	–	1,152	1,152
Loans	318,277	–	–	368,874	368,874	306,304	–	–	312,724	312,724
Other[b]	2,962	–	2,224	738	2,962	1,521	–	630	891	1,521
Financial Liabilities										
Time deposits	32,946	–	32,338	–	32,338	22,665	–	22,644	–	22,644
Short-term borrowings[c]	29,527	–	29,145	–	29,145	9,750	–	9,646	–	9,646
Long-term debt	39,829	–	37,622	–	37,622	32,125	–	32,547	–	32,547
Other[d]	5,137	–	1,500	3,637	5,137	3,862	–	1,170	2,692	3,862

(a) Excludes mortgages held for sale for which the fair value option under applicable accounting guidance was elected.

(b) Includes investments in Federal Reserve Bank and Federal Home Loan Bank stock and tax-advantaged investments.

(c) Excludes the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

(d) Includes operating lease liabilities and liabilities related to tax-advantaged investments.

The fair value of unfunded commitments, deferred non-yield related loan fees, standby letters of credit and other guarantees is approximately equal to their carrying value. The carrying value of unfunded commitments, deferred non-yield related loan fees and standby letters of credit was $498 million and $495 million at December 31, 2022 and 2021, respectively. The carrying value of other guarantees was $241 million and $245 million at December 31, 2022 and 2021, respectively.

NOTE 23 Guarantees and Contingent Liabilities

Visa Restructuring and Card Association Litigation The Company's Payment Services business issues credit and debit cards and acquires credit and debit card transactions through the Visa U.S.A. Inc. card association or its affiliates (collectively "Visa"). In 2007, Visa completed a restructuring and issued shares of Visa Inc. common stock to its financial institution members in contemplation of its initial public offering ("IPO") completed in the first quarter of 2008 (the "Visa Reorganization"). As a part of the Visa Reorganization, the Company received its proportionate number of shares of Visa Inc. common stock, which were subsequently converted to Class B shares of Visa Inc. ("Class B shares").

Visa U.S.A. Inc. ("Visa U.S.A.") and MasterCard International (collectively, the "Card Brands") are defendants in antitrust lawsuits challenging the practices of the Card Brands (the "Visa Litigation"). Visa U.S.A. member banks have a contingent obligation to indemnify Visa Inc. under the Visa U.S.A. bylaws (which were modified at the time of the restructuring in October 2007) for potential losses arising from the Visa Litigation. The indemnification by the Visa U.S.A. member banks has no specific maximum amount. Using proceeds from its IPO and through reductions to the conversion ratio applicable to the Class B shares held by Visa U.S.A. member banks, Visa Inc. has funded an escrow account for the benefit of member financial institutions to fund their indemnification obligations associated with the Visa Litigation. The receivable related to the escrow account is classified in other liabilities as a direct offset to the related Visa Litigation contingent liability.

In October 2012, Visa signed a settlement agreement to resolve class action claims associated with the multidistrict interchange litigation pending in the United States District Court for the Eastern District of New York (the "Multi-District Litigation"). The U.S. Court of Appeals for the Second Circuit reversed the approval of that settlement and remanded the matter to the district court. Thereafter, the case was split into two putative class actions, one seeking damages (the "Damages Action") and a separate class action seeking injunctive relief only (the "Injunctive Action"). In September 2018, Visa signed a new settlement agreement, superseding the original settlement agreement, to resolve the Damages Action. The Damages Action settlement was approved by the United States District Court for the Eastern District of New York, but is now on appeal. The Injunctive Action, which generally seeks changes to Visa rules, is still pending.

Commitments to Extend Credit Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. The contractual amount represents the Company's exposure to credit loss, in the event of default by the borrower. The Company manages this credit risk by using the same credit policies it applies to loans. Collateral is obtained to secure commitments based on management's credit assessment of the borrower. The collateral may include marketable securities, receivables, inventory, equipment and real estate. Since the Company expects many of the commitments to expire without being drawn, total commitment amounts do not necessarily represent the Company's future liquidity requirements. In addition, the commitments include consumer credit lines that are cancelable upon notification to the consumer.

The contract or notional amounts of unfunded commitments to extend credit at December 31, 2022, excluding those commitments considered derivatives, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Commercial and commercial real estate loans	$ 43,294	$139,630	$182,924
Corporate and purchasing card loans[a]	34,491	—	34,491
Residential mortgages	214	1	215
Retail credit card loans[a]	120,730	—	120,730
Other retail loans	15,012	27,641	42,653
Other	6,419	—	6,419

(a) Primarily cancelable at the Company's discretion.

Other Guarantees and Contingent Liabilities

The following table is a summary of other guarantees and contingent liabilities of the Company at December 31, 2022:

(Dollars in Millions)	Collateral Held	Carrying Amount	Maximum Potential Future Payments
Standby letters of credit	$ —	$ 19	$ 10,813
Third party borrowing arrangements	—	—	7
Securities lending indemnifications	6,876	—	6,685
Asset sales	—	102	8,261
Merchant processing	818	118	134,611
Tender option bond program guarantee	1,508	—	1,501
Other	—	21	2,032

Letters of Credit Standby letters of credit are commitments the Company issues to guarantee the performance of a customer to a third party. The guarantees frequently support public and private borrowing arrangements, including commercial paper issuances, bond financings and other similar transactions. The Company also issues and confirms commercial letters of credit on behalf of customers to ensure payment or collection in connection with trade transactions. In the event of a customer's or counterparty's nonperformance, the Company's credit loss exposure is similar to that in any extension of credit, up to the letter's contractual amount. Management assesses the borrower's credit to determine the necessary collateral, which may include marketable securities, receivables, inventory, equipment and real estate. Since the conditions requiring the Company to fund letters of credit may not occur, the Company expects its liquidity requirements to be less than the total outstanding commitments. The maximum potential future payments guaranteed by the Company under standby letter of credit arrangements at December 31, 2022, were approximately $10.8 billion with a weighted-average term of approximately 19 months. The estimated fair value of standby letters of credit was approximately $19 million at December 31, 2022.

The contract or notional amount of letters of credit at December 31, 2022, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Standby	$5,110	$5,703	$10,813
Commercial	460	172	632

Guarantees Guarantees are contingent commitments issued by the Company to customers or other third parties. The Company's guarantees primarily include parent guarantees related to subsidiaries' third party borrowing arrangements; third party performance guarantees inherent in the Company's business operations, such as indemnified securities lending programs and merchant charge-back guarantees; and indemnification or buy-back provisions related to certain asset sales. For certain guarantees, the Company has recorded a liability related to the potential obligation, or has access to collateral to support the guarantee or through the exercise of other recourse provisions can offset some or all of the maximum potential future payments made under these guarantees.

Third Party Borrowing Arrangements The Company provides guarantees to third parties as a part of certain subsidiaries' borrowing arrangements. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $7 million at December 31, 2022.

Commitments from Securities Lending The Company participates in securities lending activities by acting as the customer's agent involving the loan of securities. The Company indemnifies customers for the difference between the fair value of the securities lent and the fair value of the collateral received. Cash collateralizes these transactions. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $6.7 billion at December 31, 2022, and represent the fair value of the securities lent to third parties. At December 31, 2022, the Company held $6.9 billion of cash as collateral for these arrangements.

Asset Sales The Company has provided guarantees to certain third parties in connection with the sale or syndication of certain assets, primarily loan portfolios and tax-advantaged investments. These guarantees are generally in the form of asset buy-back or make-whole provisions that are triggered upon a credit event or a change in the tax-qualifying status of the related projects, as applicable, and remain in effect until the loans are collected or final tax credits are realized, respectively. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $8.3 billion at December 31, 2022, and represented the proceeds received from the buyer or the guaranteed portion in these transactions where the buy-back or make-whole provisions have not yet expired. At December 31, 2022, the Company had reserved $85 million for potential losses related to the sale or syndication of tax-advantaged investments.

The maximum potential future payments do not include loan sales where the Company provides standard representation and warranties to the buyer against losses related to loan underwriting documentation defects that may have existed at the time of sale that generally are identified after the occurrence of a triggering event such as delinquency. For these types of loan sales, the maximum potential future payments is generally the unpaid principal balance of loans sold measured at the end of the current reporting period. Actual losses will be significantly less than the maximum exposure, as only a fraction of loans sold will have a representation and warranty breach, and any losses on repurchase would generally be mitigated by any collateral held against the loans.

The Company regularly sells loans to GSEs as part of its mortgage banking activities. The Company provides customary representations and warranties to GSEs in conjunction with these sales. These representations and warranties generally require the Company to repurchase assets if it is subsequently determined that a loan did not meet specified criteria, such as a documentation deficiency or rescission of mortgage insurance. If the Company is unable to cure or refute a repurchase request, the Company is generally obligated to repurchase the loan or otherwise reimburse the GSE for losses. At December 31, 2022, the Company had reserved $17 million for potential losses from representation and warranty obligations, compared with $18 million at December 31, 2021. The Company's reserve reflects management's best estimate of losses for representation and warranty obligations. The Company's repurchase reserve is modeled at the loan level, taking into consideration the individual credit quality and borrower activity that has transpired since origination. The model applies credit quality and economic risk factors to derive a probability of default and potential repurchase that are based on the Company's historical loss experience, and

estimates loss severity based on expected collateral value. The Company also considers qualitative factors that may result in anticipated losses differing from historical loss trends.

As of December 31, 2022 and 2021, the Company had $39 million and $19 million, respectively, of unresolved representation and warranty claims from GSEs. The Company does not have a significant amount of unresolved claims from investors other than GSEs.

Merchant Processing The Company, through its subsidiaries, provides merchant processing services. Under the rules of credit card associations, a merchant processor retains a contingent liability for credit card transactions processed. This contingent liability arises in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. In this situation, the transaction is "charged-back" to the merchant and the disputed amount is credited or otherwise refunded to the cardholder. If the Company is unable to collect this amount from the merchant, it bears the loss for the amount of the refund paid to the cardholder.

A cardholder, through its issuing bank, generally has until the later of up to four months after the date the transaction is processed or the receipt of the product or service to present a charge-back to the Company as the merchant processor. The absolute maximum potential liability is estimated to be the total volume of credit card transactions that meet the associations' requirements to be valid charge-back transactions at any given time. Management estimates that the maximum potential exposure for charge-backs would approximate the total amount of merchant transactions processed through the credit card associations for the last four months. For the last four months of 2022 this amount totaled approximately $134.6 billion. In most cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. However, where the product or service has been purchased but is not provided until a future date ("future delivery"), the potential for this contingent liability increases. To mitigate this risk, the Company may require the merchant to make an escrow deposit, place maximum volume limitations on future delivery transactions processed by the merchant at any point in time, or require various credit enhancements (including letters of credit and bank guarantees). Also, merchant processing contracts may include event triggers to provide the Company more financial and operational control in the event of financial deterioration of the merchant.

The Company currently processes card transactions in the United States, Canada and Europe through wholly-owned subsidiaries. In the event a merchant was unable to fulfill product or services subject to future delivery, such as airline tickets, the Company could become financially liable for refunding the purchase price of such products or services purchased through the credit card associations under the charge-back provisions. Charge-back risk related to these merchants is evaluated in a manner similar to credit risk assessments and, as such, merchant processing contracts contain various provisions to protect the Company in the event of default. At December 31, 2022, the value of airline tickets purchased to be delivered at a future date through card transactions processed by the Company was $9.9 billion. The Company held collateral of $572 million in escrow deposits, letters of credit and indemnities from financial institutions, and liens on various assets. In addition to specific collateral or other credit enhancements, the Company maintains a liability for its implied guarantees associated with future delivery. At December 31, 2022, the liability was $100 million primarily related to these airline processing arrangements.

In the normal course of business, the Company has unresolved charge-backs. The Company assesses the likelihood of its potential liability based on the extent and nature of unresolved charge-backs and its historical loss experience. At December 31, 2022, the Company held $196 million of merchant escrow deposits as collateral and had a recorded liability for potential losses of $18 million.

Tender Option Bond Program Guarantee As discussed in Note 8, the Company sponsors a municipal bond securities tender option bond program and consolidates the program's entities on its Consolidated Balance Sheet. The Company provides financial performance guarantees related to the program's entities. At December 31, 2022, the Company guaranteed $1.5 billion of borrowings of the program's entities, included on the Consolidated Balance Sheet in short-term borrowings. The Company also included on its Consolidated Balance Sheet the related $1.5 billion of available-for-sale investment securities serving as collateral for this arrangement.

Other Guarantees and Commitments As of December 31, 2022, the Company sponsored, and owned 100 percent of the common equity of, USB Capital IX, a wholly-owned unconsolidated trust, formed for the purpose of issuing redeemable Income Trust Securities ("ITS") to third-party investors, originally investing the proceeds in junior subordinated debt securities ("Debentures") issued by the Company and entering into stock purchase contracts to purchase the Company's preferred stock in the future. As of December 31, 2022, all of the Debentures issued by the Company have either matured or been retired. Total assets of USB Capital IX were $682 million at December 31, 2022, consisting primarily of the Company's Series A Preferred Stock. The Company's obligations under the transaction documents, taken together, have the effect of providing a full and unconditional guarantee by the Company, on a junior subordinated basis, of the payment obligations of the trust to third-party investors totaling $681 million at December 31, 2022.

The Company has also made other financial performance guarantees and commitments primarily related to the operations of its subsidiaries. At December 31, 2022, the maximum potential future payments guaranteed or committed by the Company under these arrangements were approximately $1.4 billion.

Litigation and Regulatory Matters

The Company is subject to various litigation and regulatory matters that arise in the ordinary course of its business. The Company establishes reserves for such matters when potential losses become probable and can be reasonably estimated. The Company believes the ultimate resolution of existing legal and regulatory matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution of one or more of these matters may have a material adverse effect on the Company's results from operations for a particular period, and future changes in circumstances or additional information could result in additional accruals or resolution in excess of established accruals, which could adversely affect the Company's results from operations, potentially materially.

Residential Mortgage-Backed Securities Litigation Starting in 2011, the Company and other large financial institutions have been sued in their capacity as trustee for residential mortgage–backed securities trusts for losses arising out of the 2008 financial crisis. In the lawsuits brought against the Company, the investors and a monoline insurer allege that the Company's primary banking subsidiary, USBNA, as trustee caused them to incur substantial losses by failing to enforce loan repurchase obligations and failing to abide by appropriate standards of care after events of default allegedly occurred. The plaintiffs in these matters seek monetary damages in unspecified amounts and most also seek equitable relief.

Regulatory Matters The Company is continually subject to examinations, inquiries and investigations in areas of heightened regulatory scrutiny, such as compliance, risk management, third-party risk management and consumer protection. For example, as part of an industry-wide inquiry, the Company's broker-dealer and registered investment advisor subsidiaries received from the Securities and Exchange Commission a request for information concerning compliance with record retention requirements relating to electronic business communications. Also, the Consumer Financial Protection Bureau ("CFPB") has been investigating the Company's administration of unemployment insurance benefit prepaid debit cards during the pandemic timeframe and is considering a potential enforcement action. The Company is cooperating fully with all pending examinations, inquiries and investigations, any of which could lead to administrative or legal proceedings or settlements. Remedies in these proceedings or settlements may include fines, penalties, restitution or alterations in the Company's business practices (which may increase the Company's operating expenses and decrease its revenue).

MUFG Union Bank Consent Order The Company acquired MUB on December 1, 2022. Prior to the acquisition, on September 20, 2021, MUB entered into a consent order with the Office of the Comptroller of the Currency (the "OCC") relating to deficiencies in MUB's technology and operational risk management (the "MUB Consent Order"). Under the MUB Consent Order, the OCC found MUB to be in noncompliance with the Interagency Guidelines Establishing Information Security Standards and to have engaged in unsafe and unsound practices regarding technology and operational risk management.

The OCC's conditional approval to merge MUB with and into USBNA (the "Bank Merger") requires USBNA to succeed to the terms and obligations of the MUB Consent Order and comply with the other conditions described therein. The Bank Merger is expected to occur in connection with the conversion of MUB customers and systems to the USBNA platform over Memorial Day weekend in 2023. The Company's losses, costs, expenses and damages relating to or resulting from the MUB Consent Order are indemnifiable by the seller, subject to the terms of the Share Purchase Agreement for the MUB acquisition.

Outlook Due to their complex nature, it can be years before litigation and regulatory matters are resolved. The Company may be unable to develop an estimate or range of loss where matters are in early stages, there are significant factual or legal issues to be resolved, damages are unspecified or uncertain, or there is uncertainty as to a litigation class being certified or the outcome of pending motions, appeals or proceedings. For those litigation and regulatory matters where the Company has information to develop an estimate or range of loss, the Company believes the upper end of the range of reasonably possible losses in aggregate, in excess of any reserves established for matters where a loss is considered probable, will not be material to its financial condition, results of operations or cash flows. The Company's estimates are subject to significant judgment and uncertainties, and the matters underlying the estimates will change from time to time. Actual results may vary significantly from the current estimates.

NOTE 24 Business Segments

Within the Company, financial performance is measured by major lines of business based on the products and services provided to customers through its distribution channels. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance. The Company has five reportable operating segments:

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients.

Consumer and Business Banking Consumer and Business Banking comprises consumer banking, small business banking and consumer lending. Products and services are delivered through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing, mobile devices, distributed mortgage loan officers, and intermediary relationships including auto dealerships, mortgage banks, and strategic business partners.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services and merchant processing.

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to business segments, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis.

Basis of Presentation Business segment results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. The allowance for credit losses and related provision expense are allocated to the business segments according to the volume and credit quality of the loan balances managed, but with the impact of changes in economic forecasts recorded in Treasury and Corporate Support. Goodwill and other intangible assets are assigned to the business segments based on the mix of business of an entity acquired by the Company. Within the Company, capital levels are evaluated and managed centrally; however, capital is allocated to the business segments to support evaluation of business performance. Business segments are allocated capital on a risk-adjusted basis considering economic and regulatory capital requirements. Generally, the determination of the amount of capital allocated to each business segment includes credit allocations following a Basel III regulatory framework. Interest income and expense is determined based on the assets and liabilities managed by the business segment. Because funding and asset/liability management is a central function, funds transfer-pricing methodologies are utilized to allocate a cost of funds used or credit for funds provided to all business segment assets and liabilities, respectively, using a matched funding concept. Also, each business unit is allocated the taxable-equivalent benefit of tax-exempt products. The residual effect on net interest income of asset/ liability management activities is included in Treasury and Corporate Support. Noninterest income and expenses directly managed by each business segment, including fees, service charges, salaries and benefits, and other direct revenues and costs are accounted for within each segment's financial results in a manner similar to the consolidated financial statements. Occupancy costs are allocated based on utilization of facilities by the business segments. Generally, operating losses are charged to the business segment when the loss event is realized in a manner similar to a loan charge-off. Noninterest expenses incurred by centrally managed operations or business segments that directly support another business segment's operations are charged to the applicable business segment based on its utilization of those services, primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Certain activities that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance are not charged to the business segments. The income or expenses associated with these corporate activities, including merger and integration charges, are reported within the Treasury and Corporate Support business segment. Income taxes are assessed to each business segment at a standard tax rate with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2022, certain organization and methodology changes were made and, accordingly, 2021 results were restated and presented on a comparable basis. MUB related business activities were integrated into the applicable line of business results effective with the close of the acquisition by the Company.

Business segment results for the years ended December 31 were as follows:

(Dollars in Millions)	Corporate and Commercial Banking 2022	Corporate and Commercial Banking 2021	Consumer and Business Banking 2022	Consumer and Business Banking 2021	Wealth Management and Investment Services 2022	Wealth Management and Investment Services 2021
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 3,468	$ 2,853	$ 6,904	$ 6,085	$ 1,624	$ 1,002
Noninterest income	1,008	1,039	1,556	2,496	2,553	2,222
Total net revenue	4,476	3,892	8,460	8,581	4,177	3,224
Nointerest expense	1,872	1,741	5,824	5,575	2,417	2,094
Income (loss) before provision and income taxes	2,604	2,151	2,636	3,006	1,760	1,130
Provision for credit losses	149	65	228	(136)	9	7
Income (loss) before income taxes	2,455	2,086	2,408	3,142	1,751	1,123
Income taxes and taxable-equivalent adjustment	614	522	602	785	438	281
Net income (loss)	1,841	1,564	1,806	2,357	1,313	842
Net (income) loss attributable to noncontrolling interests	–	–	–	–	–	–
Net income (loss) attributable to U.S. Bancorp	$ 1,841	$ 1,564	$ 1,806	$ 2,357	$ 1,313	$ 842
Average Balance Sheet						
Loans	$127,916	$103,404	$145,079	$140,890	$ 22,410	$ 18,095
Other earning assets	4,532	4,537	3,117	8,093	273	242
Goodwill	1,915	1,715	3,249	3,429	1,720	1,628
Other intangible assets	57	5	3,785	2,761	308	84
Assets	143,370	115,423	160,713	161,385	26,036	21,303
Noninterest-bearing deposits	57,451	61,991	32,256	33,063	24,721	24,663
Interest-bearing deposits	97,169	71,711	167,938	157,592	73,461	76,000
Total deposits	154,620	133,702	200,194	190,655	98,182	100,663
Total U.S. Bancorp shareholders' equity	14,403	13,906	12,550	12,319	3,675	3,154

(Dollars in Millions)	Payment Services 2022	Payment Services 2021	Treasury and Corporate Support 2022	Treasury and Corporate Support 2021	Consolidated Company 2022	Consolidated Company 2021
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,498	$ 2,457	$ 352	$ 203	$ 14,846	$ 12,600
Noninterest income	3,799[a]	3,550[a]	540	920	9,456[b]	10,227[b]
Total net revenue	6,297	6,007	892	1,123	24,302	22,827
Noninterest expense	3,551	3,386	1,242	932	14,906	13,728
Income (loss) before provision and income taxes	2,746	2,621	(350)	191	9,396	9,099
Provision for credit losses	980	349	611	(1,458)	1,977	(1,173)
Income (loss) before income taxes	1,766	2,272	(961)	1,649	7,419	10,272
Income taxes and taxable-equivalent adjustment	442	568	(515)	131	1,581	2,287
Net income (loss)	1,324	1,704	(446)	1,518	5,838	7,985
Net (income) loss attributable to noncontrolling interests	–	–	(13)	(22)	(13)	(22)
Net income (loss) attributable to U.S. Bancorp	$ 1,324	$ 1,704	$ (459)	$ 1,496	$ 5,825	$ 7,963
Average Balance Sheet						
Loans	$ 34,627	$ 30,856	$ 3,541	$ 3,720	$333,573	$296,965
Other earning assets	634	93	203,214	196,211	211,770	209,176
Goodwill	3,305	3,184	–	–	10,189	9,956
Other intangible assets	423	507	4	–	4,577	3,357
Assets	41,109	36,549	220,921	221,872	592,149	556,532
Noninterest-bearing deposits	3,410	4,861	2,556	2,626	120,394	127,204
Interest-bearing deposits	162	145	3,260	1,629	341,990	307,077
Total deposits	3,572	5,006	5,816	4,255	462,384	434,281
Total U.S. Bancorp shareholders' equity	8,235	7,642	11,553	16,789	50,416	53,810

(a) Presented net of related rewards and rebate costs and certain partner payments of $2.9 billion and $2.5 billion for 2022 and 2021, respectively.

(b) Includes revenue generated from certain contracts with customers of $8.0 billion and $7.5 billion for 2022 and 2021, respectively.

NOTE 25 U.S. Bancorp (Parent Company)

Condensed Balance Sheet

At December 31 (Dollars in Millions)	2022	2021
Assets		
Due from banks, principally interest-bearing	$ 5,288	$ 8,369
Available-for-sale investment securities	672	1,209
Investments in bank subsidiaries	59,202	51,432
Investments in nonbank subsidiaries	3,575	3,632
Advances to bank subsidiaries	9,100	9,600
Advances to nonbank subsidiaries	150	707
Other assets	1,101	898
Total assets	$79,088	$75,847
Liabilities and Shareholders' Equity		
Long-term debt	$26,983	$18,902
Other liabilities	1,339	2,027
Shareholders' equity	50,766	54,918
Total liabilities and shareholders' equity	$79,088	$75,847

Condensed Income Statement

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Income			
Dividends from bank subsidiaries	$4,750	$7,000	$1,500
Dividends from nonbank subsidiaries	105	2	24
Interest from subsidiaries	119	112	172
Other income	31	46	85
Total income	5,005	7,160	1,781
Expense			
Interest expense	505	348	433
Other expense	162	154	140
Total expense	667	502	573
Income before income taxes and equity in undistributed income of subsidiaries	4,338	6,658	1,208
Applicable income taxes	(138)	(53)	(78)
Income of parent company	4,476	6,711	1,286
Equity in undistributed income of subsidiaries	1,349	1,252	3,673
Net income attributable to U.S. Bancorp	$5,825	$7,963	$4,959

Condensed Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2022	2021	2020
Operating Activities			
Net income attributable to U.S. Bancorp	$ 5,825	$ 7,963	$ 4,959
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(1,349)	(1,252)	(3,673)
Other, net	(398)	(85)	907
Net cash provided by operating activities	4,078	6,626	2,193
Investing Activities			
Proceeds from sales and maturities of investment securities	423	200	258
Investments in subsidiaries	(5,030)	–	–
Net decrease in short-term advances to subsidiaries	557	411	347
Long-term advances to subsidiaries	(2,000)	(7,000)	–
Principal collected on long-term advances to subsidiaries	2,500	1,250	–
Cash paid for acquisition	(5,500)	–	–
Other, net	(173)	(269)	379
Net cash provided by (used in) investing activities	(9,223)	(5,408)	984
Financing Activities			
Net decrease in short-term borrowings	–	–	(8)
Proceeds from issuance of long-term debt	8,150	1,300	2,750
Principal payments or redemption of long-term debt	(2,300)	(3,000)	(1,200)
Proceeds from issuance of preferred stock	437	2,221	486
Proceeds from issuance of common stock	21	43	15
Repurchase of preferred stock	(1,100)	(1,250)	–
Repurchase of common stock	(69)	(1,555)	(1,672)
Cash dividends paid on preferred stock	(299)	(308)	(300)
Cash dividends paid on common stock	(2,776)	(2,579)	(2,552)
Net cash provided by (used in) financing activities	2,064	(5,128)	(2,481)
Change in cash and due from banks	(3,081)	(3,910)	696
Cash and due from banks at beginning of year	8,369	12,279	11,583
Cash and due from banks at end of year	$ 5,288	$ 8,369	$12,279

Transfer of funds (dividends, loans or advances) from bank subsidiaries to the Company is restricted. Federal law requires loans to the Company or its affiliates to be secured and generally limits loans to the Company or an individual affiliate to 10 percent of each bank's unimpaired capital and surplus. In the aggregate, loans to the Company and all affiliates cannot exceed 20 percent of each bank's unimpaired capital and surplus.

Dividend payments to the Company by its subsidiary banks are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends by the Company's bank subsidiaries to the parent company are limited by rules which compare dividends to net income for regulatorily-defined periods. Furthermore, dividends are restricted by minimum capital constraints for all national banks.

NOTE 26 Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2022 through the date the consolidated financial statements were filed with the United States Securities and Exchange Commission. Based on this evaluation, the Company has determined none of these events were required to be recognized or disclosed in the consolidated financial statements and related notes.

U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a) (Unaudited)

Year Ended December 31 (Dollars in Millions)	2022 Average Balances	2022 Interest	2022 Yields and Rates	2021 Average Balances	2021 Interest	2021 Yields and Rates	2020 Average Balances	2020 Interest	2020 Yields and Rates
Assets									
Investment securities	$169,442	$ 3,457	2.04%	$154,702	$ 2,434	1.57%	$125,954	$ 2,488	1.98%
Loans held for sale	3,829	201	5.26	8,024	232	2.89	6,985	216	3.10
Loans (b)									
Commercial	123,797	4,340	3.51	102,855	2,684	2.61	113,967	3,192	2.80
Commercial real estate	41,098	1,655	4.03	38,781	1,219	3.14	40,548	1,457	3.59
Residential mortgages	84,749	2,775	3.27	74,629	2,477	3.32	73,667	2,666	3.62
Credit card	23,478	2,583	11.00	21,645	2,278	10.52	22,332	2,392	10.71
Other retail	60,451	2,292	3.79	59,055	2,126	3.60	56,755	2,352	4.14
Total loans	333,573	13,645	4.09	296,965	10,784	3.63	307,269	12,059	3.92
Interest-bearing deposits with banks	31,425	559	1.78	39,914	42	.10	34,497	59	.17
Other earning assets	7,074	204	2.89	6,536	101	1.55	6,697	119	1.78
Total earning assets	545,343	18,066	3.31	506,141	13,593	2.69	481,402	14,941	3.10
Allowance for loan losses	(5,880)			(6,326)			(6,858)		
Unrealized gain (loss) on investment securities	(6,914)			1,174			2,901		
Other assets	59,600			55,543			53,762		
Total assets	$592,149			$556,532			$531,207		
Liabilities and Shareholders' Equity									
Noninterest-bearing deposits	$120,394			$127,204			$ 98,539		
Interest-bearing deposits									
Interest checking	117,471	277	.24	103,198	24	.02	84,276	65	.08
Money market savings	126,221	1,220	.97	117,093	199	.17	125,786	528	.42
Savings accounts	67,722	10	.02	62,294	7	.01	52,142	46	.09
Time deposits	30,576	365	1.19	24,492	90	.37	37,872	311	.82
Total interest-bearing deposits	341,990	1,872	.55	307,077	320	.10	300,076	950	.32
Short-term borrowings									
Federal funds purchased	687	8	1.12	1,507	2	.10	1,660	6	.35
Securities sold under agreements to repurchase	2,037	20	1.00	1,790	2	.13	1,686	8	.50
Commercial paper	7,186	69	.96	7,228	1	.01	8,141	21	.26
Other short-term borrowings	15,830	471	2.98	4,249	65	1.54	7,695	109	1.41
Total short-term borrowings	25,740	568	2.21	14,774	70	.47	19,182	144	.75
Long-term debt	33,114	780	2.35	36,682	603	1.64	44,040	924	2.10
Total interest-bearing liabilities	400,844	3,220	.80	358,533	993	.28	363,298	2,018	.56
Other liabilities	20,029			16,353			16,494		
Shareholders' equity									
Preferred equity	6,761			6,255			6,042		
Common equity	43,655			47,555			46,204		
Total U.S. Bancorp shareholders' equity	50,416			53,810			52,246		
Noncontrolling interests	466			632			630		
Total equity	50,882			54,442			52,876		
Total liabilities and equity	$592,149			$556,532			$531,207		
Net interest income		$14,846			$12,600			$12,923	
Gross interest margin			2.51%			2.41%			2.54%
Gross interest margin without taxable-equivalent increments			2.49%			2.39%			2.52%
Percent of Earning Assets									
Interest income			3.31%			2.69%			3.10%
Interest expense			.59			.20			.42
Net interest margin			2.72%			2.49%			2.68%
Net interest margin without taxable-equivalent increments			2.70%			2.47%			2.66%

* *Not meaningful*

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

U.S. Bancorp
Supplemental Financial Data (Unaudited)

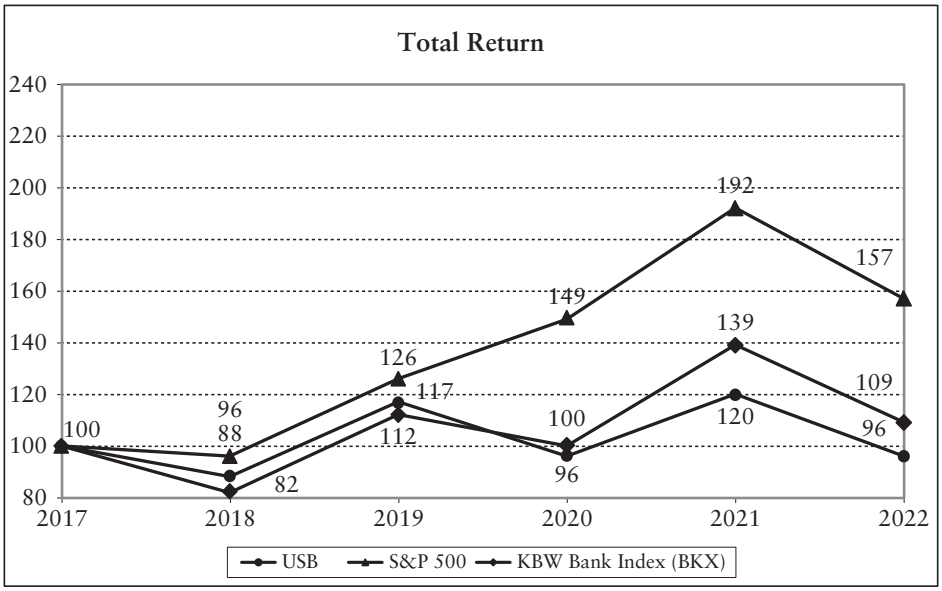
Earnings Per Common Share Summary	2022	2021	2020
Earnings per common share	$ 3.69	$ 5.11	$ 3.06
Diluted earnings per common share	3.69	5.10	3.06
Dividends declared per common share	1.88	1.76	1.68
Other Statistics (Dollars and Shares in Millions)			
Common shares outstanding (a)	1,531	1,484	1,507
Average common shares outstanding and common stock equivalents			
Earnings per common share	1,489	1,489	1,509
Diluted earnings per common share	1,490	1,490	1,510
Number of shareholders (b)	30,280	31,111	32,520
Common dividends declared	$ 2,829	$ 2,630	$ 2,541

(a) Defined as total common shares issued less common stock held in treasury at December 31.
(b) Based on number of common stock shareholders of record at December 31.

The common stock of U.S. Bancorp is traded on the New York Stock Exchange, under the ticker symbol "USB." At January 31, 2023, there were 30,217 holders of record of the Company's common stock.

Stock Performance Chart

The following chart compares the cumulative total shareholder return on the Company's common stock during the five years ended December 31, 2022, with the cumulative total return on the Standard & Poor's 500 Index and the KBW Bank Index. The comparison assumes $100 was invested on December 31, 2017, in the Company's common stock and in each of the foregoing indices and assumes the reinvestment of all dividends. The comparisons in the graph are based upon historical data and are not indicative of, nor intended to forecast, future performance of the Company's common stock.



Company Information

General Business Description U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp is registered as a bank holding company under the Bank Holding Company Act of 1956 (the "BHC Act"), and has elected to be treated as a financial holding company under the BHC Act. The Company provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing. Effective December 1, 2022, the Company acquired MUB's core regional banking franchise, consisting primarily of retail banking branches in California, Oregon and Washington.

U.S. Bancorp's banking subsidiaries, USBNA and MUB, are engaged in the general banking business, principally in domestic markets, and hold all of the Company's consolidated deposits of $525.0 billion at December 31, 2022. USBNA and MUB provide a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company, such as healthcare, utilities, oil and gas, and state and municipal government. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate and governmental entity customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 2,494 banking offices as of December 31, 2022, principally operating in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company operates a network of 4,505 ATMs as of December 31, 2022, and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company's domestic markets. Lending products may be originated through banking offices, indirect correspondents, brokers or other lending sources. The Company is also one of the largest providers of corporate and purchasing card services and corporate trust services in the United States. The Company's wholly-owned subsidiary, Elavon, Inc. ("Elavon"), provides domestic merchant processing services directly to merchants. Wholly-owned subsidiaries of Elavon provide similar merchant services in Canada and segments of Europe. The Company also provides corporate trust and fund administration services in Europe. These foreign operations are not significant to the Company.

On a full-time equivalent basis, as of December 31, 2022, U.S. Bancorp employed 76,646 people.

Risk Factors An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. Below are material risk factors that make an investment in the Company speculative or risky.

Economic and Market Conditions Risk

Deterioration in business and economic conditions could adversely affect the Company's lending business and the value of loans and debt securities it holds The Company's business activities and earnings are affected by general business conditions in the United States and abroad, including factors such as the level and volatility of short-term and long-term interest rates, inflation, home prices, unemployment and under-employment levels, bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of capital and credit, investor sentiment and confidence in the financial markets, and the strength of the domestic and global economies in which the Company operates. Changes in these conditions caused by the COVID-19 pandemic adversely affected the Company's consumer and commercial businesses and securities portfolios, its level of charge-offs and provision for credit losses, and its results of operations during 2020, 2021 and 2022, and changes in these conditions caused by Russia's invasion of Ukraine impacted the Company's results of operations in 2022. Other future changes in these conditions, whether related to the COVID-19 pandemic, the war in Ukraine, the threat or occurrence of a U.S. sovereign default or otherwise, could have additional adverse effects on the Company and its businesses.

Given the high percentage of the Company's assets represented directly or indirectly by loans, and the importance of lending to its overall business, weak economic conditions have negatively affected the Company's business and results of operations, including new loan origination activity, existing loan utilization rates and delinquencies, defaults and the ability of customers to meet obligations under the loans. In addition, future deterioration in economic conditions could have adverse effects on loan origination activity, loan utilization rates and delinquencies, defaults and the ability of customers to meet loan

obligations. The value to the Company of other assets such as investment securities, most of which are debt securities or other financial instruments supported by loans, similarly have been, and would be, negatively impacted by widespread decreases in credit quality resulting from a weakening of the economy.

In addition, volatility and uncertainty related to inflation or a possible recession and their effects, which could potentially continue to contribute to poor economic conditions, may contribute to or enhance some of the risks described herein. For example, higher inflation, slower growth or a recession could reduce demand for the Company's products, adversely affect the creditworthiness of its borrowers or result in lower values for its interest-earning assets and investment securities. Any of these effects, or others that the Company is not able to predict, could adversely affect its financial condition or results of operations.

Any deterioration in global economic conditions could damage the domestic economy or negatively affect the Company's borrowers or other counterparties that have direct or indirect exposure to these regions. Such global disruptions, including disruptions in supply chains or geopolitical risk, can undermine investor confidence, cause a contraction of available credit, or create market volatility, any of which could have material adverse effects on the Company's businesses, results of operations, financial condition and liquidity, even if the Company's direct exposure to the affected region is limited. Global political trends toward nationalism and isolationism, could increase the probability of a deterioration in global economic conditions.

Changes in interest rates could reduce the Company's net interest income The Company's earnings are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Net interest income is significantly affected by market rates of interest, which in turn are affected by prevailing economic conditions, by the fiscal and monetary policies of the federal government and by the policies of various regulatory agencies. Volatility in interest rates can also result in the flow of funds away from financial institutions into direct investments. Direct investments, such as United States government and corporate securities and other investment vehicles (including mutual funds), generally pay higher rates of return than financial institutions because of the absence of federal insurance premiums and reserve requirements.

United States interest rates fell dramatically during the first quarter of 2020 and remained low through 2021, which adversely affected the Company's net interest income. The Federal Reserve raised benchmark interest rates throughout 2022 and may continue to raise interest rates in response to economic conditions, particularly inflationary pressures.

When interest rates are increasing, the Company can generally be expected to earn higher net interest income. However, higher interest rates can also lead to fewer originations of loans, less liquidity in the financial markets, and higher funding costs, each of which could adversely affect the Company's revenues and its liquidity and capital levels. In 2022, as a result of the high interest rate environment, the Company earned higher net interest income but experienced fewer originations of mortgage loans and higher funding costs, and the Company expects these effects to continue in the future if interest rates remain elevated or increase further. Higher interest rates can also negatively affect the payment performance on loans that are linked to variable interest rates. If borrowers of variable rate loans are unable to afford higher interest payments, those borrowers may reduce or stop making payments, thereby causing the Company to incur losses and increased operational costs related to servicing a higher volume of delinquent loans.

The Company's results may be materially affected by market fluctuations and significant changes in the value of financial instruments The value of securities, derivatives and other financial instruments which the Company owns or in which it makes markets can be materially affected by market fluctuations. Market volatility, illiquid market conditions and other disruptions in the financial markets may make it extremely difficult to value certain financial instruments. Subsequent valuations of financial instruments in future periods, in light of factors then prevailing, may result in significant changes in the value of these instruments. In addition, at the time of any disposition of these financial instruments, the price that the Company ultimately realizes will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of financial instruments that the Company owns or in which it makes markets, which may have an adverse effect on the Company's results of operations. The Company's risk management and monitoring processes, including its stress testing framework, seek to quantify and control the Company's exposure to more extreme market moves. However, the Company's hedging and other risk management strategies may not be effective, and it could incur significant losses, if extreme market events were to occur.

The discontinuance of the London Interbank Offered Rate ("LIBOR") as an interest rate benchmark could adversely affect the Company's business, financial condition and results of operations The publication of the most commonly used United States Dollar LIBOR settings will cease to be provided or cease to be representative after June 30, 2023. The publication of all other LIBOR settings ceased to be provided or ceased to representative as of December 31, 2021. Additionally, the United States federal banking agencies issued guidance strongly encouraging banking organizations to cease using the United States Dollar LIBOR as a reference rate in "new" contracts by December 31, 2021, at the latest, with limited exceptions. In March 2022, the LIBOR Act was enacted. The LIBOR Act provides a uniform approach for replacing LIBOR as a reference rate in contracts that do not include effective fallback provisions. Under the LIBOR Act and its implementing regulations, references to the most common tenors of LIBOR in such contracts will be replaced as a matter of law to instead reference rates based on SOFR.

The replacement of LIBOR is complex and could have a range of adverse impacts on the Company's business and results of operations. The Company has various types of transactions, including derivatives, loans, bonds, and securitized products, that reference LIBOR and other Interbank Offered Rates ("IBORs"). The replacement of LIBOR and other IBORs with ARRs and the Company's development of products linked to alternate benchmark rates has created a number of risks for the Company, its customers, and the financial services industry more widely.

The extensive changes to documentation that govern or reference LIBOR or LIBOR-based products create a variety of execution risks for the Company. The Company may be unable to modify contracts with its counterparties to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with ARRs by the dates set for cessation of LIBOR and other interest rate benchmarks. The Company will need to transition all contracts still tied to LIBOR on or shortly after the cessation of LIBOR, which becomes increasingly complicated with higher numbers of contracts due to variations across different products, types of fallback language, and remediation strategies. The Company will also need to communicate with counterparties regarding the transition of contracts to an ARR, and such communications will vary by customer and by product due to differences in product type, regulatory requirements, and other customer considerations.

The transition from LIBOR may also result in disputes, litigation or other actions with clients, counterparties or investors, including with respect to, among other things, (i) the interpretation and enforceability of provisions in LIBOR-based products such as fallback language or other related provisions, (ii) the interpretation and implementation of the LIBOR Act and the enforceability thereof, (iii) any economic, legal, operational or other impact from the fundamental differences between LIBOR and the various ARRs, (iv) any issues resulting from implementing fallback language in a large number of contracts over a short period of time, (v) a claimed failure to appropriately communicate possible remediation strategies and the effects of the transition, and (vi) any actions resulting from the Company's interpretation and execution of its roles and responsibilities in corporate trust transactions. The transition may also result in additional inquiries or other actions from regulators regarding the Company's preparation and readiness for the replacement of LIBOR.

The discontinuation of a LIBOR setting, changes in LIBOR or changes in market acceptance of LIBOR as a reference rate may also adversely affect the yield on loans or securities held by the Company; amounts paid on securities the Company has issued; amounts received and paid on derivative instruments it has entered into; the value of such loans, securities or derivative instruments; the trading market for securities; the terms of new loans being made using different or modified reference rates; the Company's ability to effectively use derivative instruments to manage risk; and the availability or cost of floating-rate funding and the Company's exposure to fluctuations in interest rates. Changes to benchmark indices may also adversely affect the price, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked securities, loans and derivatives that are included in the Company's financial assets and liabilities.

The Company's acquisition of MUB creates additional risks for the Company and compounds the risks noted above. In certain instances, the Company and MUB have different remediation strategies for similar products, which increases the complexity in planning for and executing remediation strategies related to customer communications and rate transitions. Additionally, in certain instances, the Company and MUB have taken different approaches to communications with customers. The dispute risks and economic risks noted above are heightened as well due to the increased number of financial instruments which must be transitioned from LIBOR.

The Company is also subject to the risk that its customers, counterparties and third-party vendors are not operationally ready to transition away from LIBOR, and the failure of such third parties to upgrade their operations to transition away from LIBOR on a timely basis could materially disrupt the Company's operations.

Operations and Business Risk

A breach in the security of the Company's information systems, or the information systems of certain third parties, could disrupt the Company's businesses, result in the disclosure of confidential information, damage its reputation and create significant financial and legal exposure The Company continues to experience an increasing number of attempted attacks on its information systems, software, networks and other technologies. Although the Company devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of the Company's computer systems, software, networks, technologies and intellectual property, and to protect the confidentiality, integrity and availability of information belonging to the Company and its customers, the Company's security measures may not be effective against new threats. Malicious actors continue to develop increasingly sophisticated cyber attacks that could impact the Company. Many financial institutions, retailers and other companies engaged in data processing, including software and information technology service providers, have reported cyber attacks, some of which involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of software that is intentionally included or inserted in an information system for a harmful purpose (malware).

Attacks on financial or other institutions important to the overall functioning of the financial system could also adversely affect, directly or indirectly, aspects of the Company's businesses. The increasing consolidation, interdependence and

complexity of financial entities and technology systems increases the risk of operational failure, both for the Company and on an industry-wide basis, and means that a technology failure, cyber attack, or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could materially affect the Company, counterparties or other market participants.

Third parties that facilitate the Company's business activities, including exchanges, clearinghouses, payment and ATM networks, financial intermediaries and vendors that provide services or technology solutions for the Company's operations, are also sources of operational and security risks to the Company due to failures of their systems, misconduct by their employees or cyber attacks that could affect their ability to deliver a product or service to the Company, resulting in lost or compromised Company or customer information. Although the Company implements safeguards with respect to third-party systems, such safeguards may not always be effective. Furthermore, a third party may not reveal an attack or system failure to the Company in a timely manner, which could compromise the Company's ability to respond effectively. Some of these third parties may engage vendors of their own, which introduces the risk that the third party's vendors and subcontractors ("fourth parties") could be the source of operational and security failures. In addition, if a third party obtains access to the customer account data on the Company's systems, and that party experiences a breach via an external or internal threat or misappropriates such data, the Company and its customers could suffer material harm, including heightened risk of fraudulent transactions, losses from fraudulent transactions, increased operational costs to remediate any security breach and reputational harm. These risks are expected to continue to increase as the Company expands its interconnectivity with its customers and other third parties.

Within the past several years, multiple companies have disclosed substantial cybersecurity breaches affecting debit and credit card accounts of their customers, some of whom were the Company's cardholders and who may experience fraud on their card accounts because of the breach. The Company has suffered, and will in the future suffer, losses associated with reimbursing its customers for such fraudulent transactions, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. These attacks involving Company cards are likely to continue and could, individually or in the aggregate, have a material adverse effect on the Company's financial condition or results of operations.

It is possible that the Company may not be able to anticipate or to implement effective preventive measures against all cybersecurity breaches because malicious actor methods and techniques change frequently, increase in sophistication, often are not recognized until launched, sometimes go undetected even when successful, and originate from a wide variety of sources, including organized crime, hackers, terrorists, activists, hostile foreign governments and other external parties. Those parties may also attempt to fraudulently induce employees, customers or other users of the Company's systems to disclose sensitive information to gain access to the Company's data or that of its customers or clients, such as through "phishing" and other "social engineering" schemes. Other types of attacks may include computer viruses, malicious or destructive code, denial-of-service attacks, cyber extortion and accompanying ransom demands. The Company's information security risks may increase in the future as the Company continues to increase its mobile and internet-based product offerings and expands its internal usage of web-based products and applications. In addition, the Company's customers often use their own devices, such as computers, smart phones and tablet computers, to make payments and manage their accounts, and are subject to "phishing" and other attempts from cyber criminals to compromise or deny access to their accounts. The Company has limited ability to assure the safety and security of its customers' transactions with the Company to the extent they are using their own devices, which have been, and likely will continue to be, subject to such threats.

In addition, the Company's acquisition of MUB has caused the Company to experience increased cybersecurity risk, which the Company expects to remain elevated until the integration of MUB is completed. Specifically, these risks include technology disruption during the integration phase, potential dormant threats in MUB, information technology resilience risk during integration and conversion, and risks related to the cybersecurity postures of USBNA and MUB.

If the Company's physical or cybersecurity systems are penetrated or circumvented, or an authorized user intentionally or unintentionally removes, loses or destroys critical business data, serious negative consequences for the Company can follow, including significant disruption of the Company's operations, misappropriation of confidential Company and/or customer information, or damage to the Company's or customers' or counterparties' computers or systems. These consequences could result in violations of applicable privacy and other laws; financial loss to the Company or to its customers; loss of confidence in the Company's security measures; customer dissatisfaction; significant litigation exposure; regulatory fines, penalties or intervention; reimbursement or other compensatory costs (including the costs of credit monitoring services); additional compliance costs; and harm to the Company's reputation, all of which could adversely affect the Company.

Because the investigation of any information security breach is inherently unpredictable and would require substantial time to complete, the Company may not be able to quickly remediate the consequences of any breach, which may increase the costs of, and enhance the negative consequences associated with, a breach. In addition, to the extent the Company's insurance covers aspects of any breach, such insurance may not be sufficient to cover all the Company's losses.

The Company relies on its employees, systems and third parties to conduct its business, and certain failures by systems or misconduct by employees or third parties could adversely affect its operations The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. The Company's business, financial, accounting, data processing, and other operating systems and facilities may stop operating properly or become disabled or damaged due to a number of factors, including events that are out of its control. In addition to the risks posed by information security breaches, as discussed above, such systems could be compromised because of spikes in transaction volume, electrical or telecommunications outages, degradation or loss of internet or website availability, natural disasters, political or social unrest, and terrorist acts. The Company's business operations may be adversely affected by significant disruption to the operating systems that support its businesses and customers. If backup systems are used during outages, they might not process data as quickly as do the primary systems, which could negatively impact the ability to back up data.

The Company could also incur losses resulting from the risk of human error by employees, fraud by employees or persons outside the Company, unauthorized access to its computer systems, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. This risk of loss also includes customer remediation costs, the potential legal actions, fines or civil money penalties that could arise resulting from an operational deficiency or noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity.

Third parties provide key components of the Company's business infrastructure, such as internet connections, network access and mutual fund distribution. While the Company has selected these third parties carefully, it is limited in its ability to control their actions. Any problems caused by third-party service providers, including failing to comply with their contractual obligations or performing their services negligently, could adversely affect the Company's ability to deliver products and services to the Company's customers and otherwise to conduct its business. Replacing third-party service providers could also entail significant delay and expense. In addition, failure of third-party service providers to handle current or higher volumes of use could adversely affect the Company's ability to deliver products and services to clients and otherwise to conduct business. Technological or financial difficulties of a third-party service provider could adversely affect the Company's businesses to the extent those difficulties result in the interruption or discontinuation of services provided by that party.

Operational risks for large financial institutions such as the Company have generally increased in recent years, in part because of the proliferation of new technologies, implementation of work-from-home and hybrid work arrangements, the use of internet services and telecommunications technologies to conduct financial transactions, the increased number and complexity of transactions being processed, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. In the event of a breakdown in the internal control system, improper operation of systems or improper employee or third-party actions, the Company could suffer financial loss, face legal or regulatory action and suffer damage to its reputation.

The Company could face material legal and reputational harm if it fails to safeguard personal information The Company is subject to complex and evolving laws and regulations, both inside and outside the United States, governing the privacy and protection of personal information. Individuals whose personal information may be protected by law can include the Company's customers, customers' customers, prospective customers, job applicants, current and former employees, the employees of the Company's suppliers, and other individuals. Complying with laws and regulations applicable to the Company's collection, use, transfer and storage of personal information can increase operating costs, impact the development and marketing of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by the Company or its suppliers could expose the Company to litigation or regulatory fines, penalties or other sanctions.

In the United States, several states have recently enacted consumer privacy laws that impose compliance obligations with respect to personal information. In particular, the California Consumer Privacy Act (the "CCPA") and its implementing regulations impose significant requirements on covered businesses with respect to consumer data privacy rights. In November 2020, voters in the State of California approved the California Privacy Rights Act ("CPRA"), a ballot measure that amends and supplements the CCPA by, among other things, expanding certain rights relating to personal information and its use, collection, deletion, correction, and disclosure by covered businesses. Compliance with the CCPA, the CPRA, and other state statutes, common law, or regulations designed to protect personal information could potentially require substantive technology infrastructure and process changes across many of the Company's businesses. Non-compliance with the CCPA, CPRA, or similar laws and regulations could lead to substantial regulatory fines and penalties, damages from private causes of action, compelled changes to the Company's business practices, and/or reputational harm. The Company cannot predict whether any pending or future state or federal legislation will be adopted, or the impact of any such adopted legislation on the Company.

Future legislation could result in substantial costs to the Company and could have an adverse effect on its business, financial condition and results of operations.

In addition, legal requirements for cross-border personal data transfers are constantly changing, including the revisions made by the European Economic Area ("EEA") that require the use of revised Standard Contractual Clauses ("SCCs") for international data transfers from the EEA. The SCCs are required to be used for new agreements involving the cross-border transfer of personal data from the EEA and must be supplemented by an assessment and due diligence of the legal and regulatory landscape of the jurisdiction of the data importer, the channels used to transmit personal data and any sub-processors that may receive personal data. The UK has developed its own set of SCCs that must be used for transfers of personal data from the UK to the U.S. In December 2022, the European Commission announced a draft adequacy decision for the EU-U.S. Data Privacy Framework (the "EU-U.S. DPF"), a cross-border data transfer mechanism that will replace the EU-U.S. Privacy Shield that was invalidated in 2020. The EU-U.S. DPF is in development, and there is no guarantee that it will be approved in its current form. Compliance with these changes and any future changes to data transfer or privacy requirements could potentially require the Company to make significant technological and operational changes, any of which could result in substantial costs to the Company, and failure to comply with applicable data transfer or privacy requirements could subject the Company to fines or regulatory oversight.

Additional risks could arise from the failure of the Company or third parties to provide adequate notice to the Company's customers about the personal information collected from them and the use of such information; to receive, document, and honor the privacy preferences expressed by the Company's customers; to protect personal information from unauthorized disclosure; or to maintain proper training on privacy practices for all employees or third parties who have access to personal information. Concerns regarding the effectiveness of the Company's measures to safeguard personal information and abide by privacy preferences, or even the perception that those measures are inadequate or that the Company does not abide by such privacy preferences, could cause the Company to lose existing or potential customers and thereby reduce its revenues. In addition, any failure or perceived failure by the Company to comply with applicable privacy or data protection laws and regulations could result in requirements to modify or cease certain operations or practices, and/or in material liabilities or regulatory fines, penalties, or other sanctions. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding data privacy laws and regulations. Any of these outcomes could materially damage the Company's reputation and otherwise adversely affect its business.

The Company could lose market share and experience increased costs if it does not effectively develop and implement new technology The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, including innovative ways that customers can make payments or manage their accounts, such as through the use of mobile payments, digital wallets or digital currencies. The growth of many of these technologies was accelerated as a result of the COVID-19 pandemic and the shift to increased digital activity. The Company's continued success depends, in part, upon its ability to address customer needs by using technology to provide products and services that customers want to adopt and create additional efficiencies in the Company's operations. When launching a new product or service or introducing a new platform for the delivery of products and services, the Company might not identify or fully appreciate new operational risks arising from those innovations or might fail to implement adequate controls to mitigate those risks. Developing and deploying new technology-driven products and services can also involve costs that the Company may not recover and divert resources away from other product development efforts. The Company may not be able to effectively develop and implement profitable new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry, including because larger competitors may have more resources to spend on developing new technologies or because non-bank competitors have a lower cost structure and more flexibility, could harm the Company's competitive position and negatively affect its revenue and profit.

The Company may not realize the full value of its strategic plans and initiatives As the Company develops its strategic initiatives, it scans the internal and external environment to inform any changes required, take advantage of new opportunities and/or respond to unexpected challenges. Initiatives include focusing on customer growth with tailored products and experiences that meet customer needs; maintaining discipline centered on preserving the Company's financial excellence and risk appetite; acquiring and integrating financial services businesses or assets; cultivating a future-focused and diverse talent strategy; and increasing access to banking services and economic empowerment. The Company's initiatives are impacted by internal factors, rapid pace of change from an evolving competitive landscape, increased cybersecurity threats, accelerated digitalization, and emerging technologies. In addition, execution is impacted by the Company's response to external economic conditions, global uncertainty, and regulatory factors that are beyond its control. The Company's future growth and the value of its stock will depend, in part, on its ability to effectively implement its business strategy. If the Company is not able to

successfully execute its business strategy, then the Company's competitive position, reputation, prospects for growth, and results of operations may be adversely affected.

Damage to the Company's reputation could adversely impact its business and financial results Reputation risk, or the risk to the Company's business, earnings and capital from negative public opinion, is inherent in the Company's business. Negative public opinion about the financial services industry generally or the Company specifically could adversely affect the Company's ability to retain and attract stakeholders such as customers, investors, and employees and could expose the Company to litigation and regulatory action. Negative public opinion can result from the Company's actual or alleged conduct in any number of activities, including lending practices, cybersecurity breaches, failures to safeguard personal information, discriminating or harassing behavior of employees toward other employees or customers, mortgage servicing and foreclosure practices, compensation practices, sales practices, regulatory compliance, mergers and acquisitions, and actions taken by government regulators and community organizations in response to that conduct. Additionally, the Company's stakeholders often hold differing views on how the Company should address environmental, social and governance ("ESG") goals as it relates to serving customers. The Company's approach to ESG and customers may result in negative attention in traditional and social media, resulting in a negative perception of the Company depending on an individual's view. In addition, failure to deliver against established ESG goals and objectives could present reputational and financial harm to the Company. If the Company is unable to design or execute against business strategies that balance conflicting views on how it supports ESG initiatives, while continuing to support customers from differing industries, reputational damage could result, leading to a loss of customers or negative investor sentiment. Although the Company takes steps to minimize reputation risk in dealing with customers and other constituencies, the Company, as a large diversified financial services company with a high industry profile, is inherently exposed to this risk.

The Company's business and financial performance could be adversely affected, directly or indirectly, by natural disasters, pandemics, terrorist activities, civil unrest or international hostilities Neither the occurrence nor the potential impact of natural disasters, pandemics, terrorist activities, civil unrest or international hostilities can be predicted. However, these occurrences could impact the Company directly (for example, by interrupting the Company's systems, which could prevent the Company from obtaining deposits, originating loans and processing and controlling its flow of business; causing significant damage to the Company's facilities; or otherwise preventing the Company from conducting business in the ordinary course), or indirectly as a result of their impact on the Company's borrowers, depositors, other customers, vendors or other counterparties (for example, by damaging properties pledged as collateral for the Company's loans or impairing the ability of certain borrowers to repay their loans). The Company has also suffered, and could in the future suffer, adverse consequences to the extent that natural disasters, pandemics, including the COVID-19 pandemic, terrorist activities, civil unrest or international hostilities, including Russia's invasion of Ukraine, affect the financial markets or the economy in general or in any particular region.

For example, the COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and may in the future adversely affect, the Company's business, financial condition, capital and results of operations. During the COVID-19 pandemic, the Company experienced significant disruptions to its normal operations, including the temporary closing of branches and a sudden increase in the volume of work-from-home arrangements. In addition, the Company has been indirectly negatively affected by the pandemic's effects on the Company's borrowers and other customers, and by its effects on global financial markets. The extent to which the COVID-19 pandemic will in the future negatively affect the Company's business, financial condition, capital and results of operations will depend on developments that are highly uncertain and cannot be predicted at this time, including the scope and duration of any surges in the pandemic, the continued effectiveness of vaccines and their distribution and acceptance over the long term (including the effectiveness of vaccines against new COVID variants), the continued effectiveness of the Company's business continuity plans, and governmental and other responses to the pandemic. The COVID-19 pandemic has caused, and other future natural disasters, pandemics, terrorist activities, civil unrest or international hostilities, may cause, an increase in delinquencies, bankruptcies or defaults that could result in the Company experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses.

Depending on the impact of the pandemic and current international hostilities on general economic and market conditions, there is a risk that adverse conditions could occur or worsen, including supply chain disruptions; higher inflation; a possible recession; decreased demand for the Company's products and services or those of its borrowers, which could increase credit risk; challenges related to maintaining sufficient qualified personnel due to labor shortages, talent attrition, employee illness, or willingness to return to work; increased risk of cyber attacks; increased volatility in commodity, currency and other financial markets; and disruptions to business operations at the Company and at counterparties, vendors and other service providers.

The United States has in recent years faced periods significant civil unrest. Although civil unrest has not materially affected the Company's businesses to date, similar events could, directly or indirectly, have a material adverse effect on the Company's operations (for example, by causing shutdowns of branches or working locations of vendors or other counterparties or damaging property pledged as collateral for the Company's loans).

The Company's ability to mitigate the adverse consequences of these occurrences is in part dependent on the quality of the

Company's resiliency planning, and the Company's ability, if any, to anticipate the nature of any such event that occurs. The adverse effects of natural disasters, pandemics, terrorist activities, civil unrest or international hostilities also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that the Company transacts with, particularly those that it depends upon, but has no control over. Additionally, both the frequency and severity of some kinds of natural disasters, including wildfires, flooding, tornadoes and hurricanes, have increased, and the Company expects will continue to increase, as a result of climate change.

The Company's business strategy, operations, financial performance and customers could be materially adversely affected by the impacts related to climate change There is an increasing concern over the risks of climate change and the impact that climate change may have on the Company and its customers and communities. The physical risks of climate change include increasing average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including wildfires, floods, tornadoes and hurricanes. Climate shifts and the increasing frequency and severity of natural disasters reduce the Company's ability to predict accurately the effects of natural disasters. Such disasters could disrupt the Company's operations or the operations of customers or third parties on which the Company relies. Such disasters could also result in market volatility, negatively impact customers' ability to pay outstanding loans, damage collateral or result in the deterioration of the value of collateral. Such disasters may also result in reduced availability of insurance, including insurance that protects property pledged as collateral for Company loans, which could negatively affect the Company's ability to predict credit losses accurately.

Additionally, climate change concerns could result in transition risk. Transition risks could include changes in consumer preferences, new technologies, and additional legislation and regulatory requirements, including those associated with the transition to a low-carbon economy. These physical risks and transition risks could increase expenses or otherwise adversely impact the Company's business strategy, operations, financial performance and customers. In particular, new regulations or guidance, or the attitudes of regulators, shareholders and employees regarding climate change, may affect the activities in which the Company engages and the products that the Company offers. In addition, an increasing perspective that financial institutions, including the Company, play an important role in managing risks related to climate change, including indirectly with respect to their customers, may result in increased pressure on the Company to take additional steps to disclose and manage its climate risks and related lending and other activities. The Company could also experience increased expenses resulting from strategic planning, litigation and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny and reduced investor and stakeholder confidence due to the Company's response to climate change and the Company's climate change strategy.

Risks associated with climate change are continuing to evolve rapidly, making it difficult to assess the effects of climate change on the Company, and the Company expects that climate change-related risks will continue to evolve and increase over time.

Regulatory and Legal Risk

The Company is subject to extensive and evolving government regulation and supervision, which can increase the cost of doing business, limit the Company's ability to make investments and generate revenue, and lead to costly enforcement actions Banking regulations are primarily intended to protect depositors' funds, the federal Deposit Insurance Fund, and the United States financial system as a whole, and not the Company's debt holders or shareholders. These regulations, and the Company's inability to act in certain instances without receiving prior regulatory approval, affect the Company's lending practices, capital structure, investment practices, dividend policy, ability to repurchase common stock, and ability to pursue strategic acquisitions, among other activities.

The Company expects that its business will remain subject to extensive regulation and supervision and that the level of scrutiny and the enforcement environment may fluctuate over time, based on numerous factors, including changes in the United States presidential administration or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry). In particular, changes in administration may result in the Company and other large financial institutions becoming subject to increased scrutiny and/or more extensive legal and regulatory requirements than under prior presidential and congressional regimes. In addition, changes in key personnel at the agencies that regulate the Company, including the federal banking regulators, may result in differing interpretations of existing rules and guidelines and potentially more stringent enforcement and more severe penalties than previously experienced. New regulations or modifications to existing regulations and supervisory expectations have increased, and may in the future increase, the Company's costs over time and necessitate changes to the Company's existing regulatory compliance and risk management infrastructure. In addition, regulatory changes may reduce the Company's revenues (including by limiting the fees the Company may charge), limit the types of financial services and products it may offer, alter the investments it makes, affect the manner in which it operates its businesses, increase its litigation and regulatory costs should it fail to appropriately comply with new or modified laws and regulatory requirements, and increase the ability of non-banks to offer competing financial services and products.

Changes to statutes, regulations or regulatory policies, or their interpretation or implementation, and/or regulatory practices,

requirements or expectations, could affect the Company in substantial and unpredictable ways. For example, the Inflation Reduction Act of 2022 imposed a new one percent excise tax on corporate stock repurchases, which could impact the extent of the Company's common stock repurchases, preferred stock redemptions, and mergers and acquisitions activity, as well as increase the Company's tax liability and reduce the Company's net income in connection with these activities. Moreover, general regulatory practices, such as longer time frames to obtain regulatory approvals for acquisitions and other activities (and the resultant impact on businesses the Company may seek to acquire), could affect the Company's ability or willingness to make certain acquisitions or introduce new products or services. In addition, the Biden Administration recently called on all regulatory agencies to reduce or eliminate certain fees relating to a number of services, including banking services. At the same time, the CFPB launched an initiative to reduce the amounts and types of fees financial institutions may charge, including by issuing a proposed rule that would significantly reduce the permissible amount of credit card late fees. Such changes could affect the Company's ability or willingness to provide certain products or services, necessitate changes to the Company's business practices or reduce the Company's revenues.

Federal law grants substantial supervisory and enforcement powers to federal banking regulators and law enforcement agencies, including, among other things, the ability to assess significant civil or criminal monetary penalties, fines, or restitution; to issue cease and desist or removal orders; and to initiate injunctive actions against banking organizations and institution-affiliated parties. The financial services industry continues to face scrutiny from bank supervisors in the examination process and stringent enforcement of regulations on both the federal and state levels, including with respect to mortgage-related practices, fair lending practices, fees charged by banks, student lending practices, sales practices and related incentive compensation programs, and other consumer compliance matters, as well as compliance with Bank Secrecy Act/anti-money laundering ("BSA/AML") requirements and sanctions compliance requirements as administered by the Office of Foreign Assets Control, and consumer protection issues more generally. This regulatory scrutiny, or the results of an investigation or examination, may lead to additional regulatory investigations or enforcement actions. There is no assurance that those actions will not result in regulatory settlements or other enforcement actions against the Company or any of the Company's subsidiaries (including USBNA and MUB and, in the case of MUB, in respect of conduct or activities that may have occurred prior to the Company's acquisition of MUB), which could cause the Company material financial and reputational harm. Furthermore, a single event involving a potential violation of law or regulation may give rise to numerous and overlapping investigations and proceedings, either by multiple federal and state agencies and officials in the United States or, in some instances, regulators and other governmental officials in foreign jurisdictions. In addition, another financial institution's violation of law or regulation relating to a business activity or practice often will give rise to an investigation of the same or similar activities or practices of the Company.

In general, the amounts paid by financial institutions in settlement of proceedings or investigations and the severity of other terms of regulatory settlements are likely to remain elevated. In some cases, governmental authorities have required criminal pleas or other extraordinary terms, including admissions of wrongdoing and the imposition of monitors, as part of such settlements, which could have significant consequences for a financial institution, including loss of customers, reputational harm, increased exposure to civil litigation, restrictions on the ability to access the capital markets, and the inability to operate certain businesses or offer certain products for a period of time.

Non-compliance with sanctions laws and/or BSA/AML laws or failure to maintain an adequate BSA/AML compliance program can lead to significant monetary penalties and reputational damage. In addition, federal regulators evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank merger, acquisition, restructuring, or other expansionary activity. There have been a number of significant enforcement actions against banks, broker-dealers and non-bank financial institutions with respect to sanctions laws and BSA/AML laws, and some have resulted in substantial penalties, including against the Company and USBNA in 2018.

Violations of laws and regulations or deemed deficiencies in risk management practices or consumer compliance also may be incorporated into the Company's confidential supervisory ratings. A downgrade in these ratings, or these or other regulatory actions and settlements, could limit the Company's ability to conduct expansionary activities for a period of time and require new or additional regulatory approvals before engaging in certain other business activities.

Differences in regulation can affect the Company's ability to compete effectively The content and application of laws and regulations applicable to financial institutions vary according to the size of the institution, the jurisdictions in which the institution is organized and operates and other factors. Large institutions, such as the Company, often are subject to more stringent regulatory requirements and supervision than smaller institutions. In addition, financial technology companies and other non-bank competitors may not be subject to the prudential and consumer protection regulatory framework that applies to banks, or may be regulated by a national or state agency that does not have the same regulatory priorities or supervisory requirements as the Company's regulators. These differences in regulation can impair the Company's ability to compete effectively with competitors that are less regulated and that do not have similar compliance costs or restrictions on activities.

Stringent requirements related to capital and liquidity have been adopted by United States banking regulators that may limit the Company's ability to return earnings to shareholders or operate or invest in its business United States banking regulators have adopted stringent capital- and liquidity-related standards applicable to larger banking organizations, including the Company. The rules require banks to hold more and higher quality capital as well as sufficient unencumbered liquid assets to meet certain stress scenarios defined by regulation. In November 2019, the federal banking regulators adopted two final rules (the "Tailoring Rules") that revised the criteria for determining the applicability of regulatory capital and liquidity requirements for large United States banking organizations, including the Company and USBNA, and that tailored the application of the Federal Reserve's enhanced prudential standards to large banking organizations. Although the Tailoring Rules and other recent changes to capital- and liquidity-related rules generally have simplified the regulatory framework applicable to the Company, future changes to the implementation of these rules including the stress capital buffer, or additional capital- and liquidity-related rules, could require the Company to take further steps to increase its capital, increase its investment security holdings, divest assets or operations, or otherwise change aspects of its capital and/or liquidity measures, including in ways that may be dilutive to shareholders or could limit the Company's ability to pay common stock dividends, repurchase its common stock, invest in its businesses or provide loans to its customers.

The effects of the COVID-19 pandemic and actions by the Federal Reserve have in the past limited and may in the future limit capital distributions, including suspension of the Company's share repurchase program or reduction or suspension of the Company's common stock dividend.

In addition, in connection with the Company's acquisition of MUB, the Company committed to submit to the Federal Reserve quarterly implementation plans for complying with requirements application to "Category II" institutions (i.e., institutions with $700 billion or more in total assets or $75 billion or more in cross-jurisdictional activities). The Company also committed to meet requirements applicable to Category II institutions by the earlier of (1) the date required under the Tailoring Rules and (2) December 31, 2024, if the Federal Reserve notifies the Company by January 1, 2024, that the Company must comply with such rules. As a Category II institution (whether obligated by rule or Federal Reserve notice), the Company would be subject to the full LCR and NSFR requirements, which would require the Company to maintain higher amounts of liquidity than are currently required. The Company would also be required to conduct more frequent company-run stress tests. In addition, the Company would be subject to more stringent risk-based capital requirements. These and other requirements that would apply to the Company after it becomes a Category II institution likely would result in additional compliance and other costs that may adversely affect the Company's results of operations.

Further, on October 14, 2022, the Federal Reserve published an advance notice of proposed rulemaking (ANPR) that together with the FDIC solicits public comment on potential changes to the resolution-related standards applicable to certain large banking organizations that are not globally systemically important banks (or GSIBs) such as the Company. The ANPR broadly focuses on whether and how certain elements of the GSIB resolution-related standards could be modified and applied to preserve optionality during the resolution of large banking organizations that are not GSIBs and address financial stability risks that may be associated with the material financial distress or failure of such organizations. In particular, the ANPR focuses on the potential imposition of a "long-term debt requirement" either at the holding company or bank level. If a long-term debt requirement was adopted, the Company may need to change its current funding mix, including being required to raise additional long-term debt, which could adversely impact net interest margin and net interest income.

Additional capital and liquidity requirements may be imposed in the future. In December 2017, the Basel Committee finalized a package of revisions to the Basel III framework. The changes are meant to improve the calculation of risk-weighted assets and the comparability of capital ratios. Federal banking regulators are expected to undertake rule-makings in future years to implement these revisions in the United States. The ultimate impact of revisions to the Basel III–based framework in the United States on the Company's capital and liquidity will depend on the final rule-makings and the implementation process thereafter.

Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding the Company's capital and liquidity requirements.

The Company is subject to significant financial and reputation risks from potential legal liability and governmental actions The Company faces significant legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and governmental proceedings against it and other financial institutions are substantial. Customers, clients and other counterparties are making claims for substantial or indeterminate amounts of damages, while banking regulators and certain other governmental authorities have focused on enforcement. The Company is named as a defendant or is otherwise involved in many legal proceedings, including class actions and other litigation. As a participant in the financial services industry, it is likely that the Company will continue to experience a high level of litigation and government scrutiny related to its businesses and operations in the future. Substantial legal liability or significant governmental action against the Company could materially impact the Company's financial condition and results of operations (including because such matters may be resolved for amounts that exceed established accruals for a particular period) or cause significant reputational harm to the Company.

Since 2020, many financial institutions, including the Company, have received regulatory and governmental inquiries

regarding participation directly or on behalf of customers and clients in United States government programs designed to support individuals, households and businesses impacted by the economic disruptions caused by the COVID-19 pandemic. The Company's participation in these and other programs used in response to the COVID-19 pandemic may lead to additional government and regulatory inquiries and litigation in the future, any of which could negatively impact the Company's business, reputation, financial condition and results of operations.

Although, under the terms of the Share Purchase Agreement for the Company's acquisition of MUB, the Company may be entitled to indemnification from Mitsubishi UFJ Financial Group, Inc. for certain losses, as the acquiror of MUB, the Company assumed MUB's liabilities as part of the acquisition, which includes, as a condition to the regulatory approval for the transaction, ensuring ongoing compliance with an OCC consent order relating to MUB's technology and operational risk management, and could also include other liabilities related to MUB's compliance with banking law. Such liabilities could result in additional regulatory scrutiny, constraints on the Company's business, or enforcement actions, including civil money penalties or fines. Any of those events could have a material adverse impact on the Company's future operations, financial condition, growth, or other aspects of its business.

The Company may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches in contractual representations and warranties When the Company sells mortgage loans that it has originated to various parties, including GSEs, it is required to make customary representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated. The Company may be required to repurchase mortgage loans or be subject to indemnification claims in the event of a breach of contractual representations or warranties that is not remedied within a certain period. Contracts for residential mortgage loan sales to the GSEs include various types of specific remedies and penalties that could be applied if the Company does not adequately respond to repurchase requests. If economic conditions and the housing market deteriorate or the GSEs increase their claims for breached representations and warranties, the Company could have increased repurchase obligations and increased losses on repurchases, requiring material increases to its repurchase reserve.

The Company's failure to satisfy its obligations as servicer for automobile loan securitizations and residential mortgage loans owned by other entities, and other losses the Company could incur as servicer, could adversely impact the Company's reputation, servicing costs or results of operations The Company services automobile loans on behalf of third-party securitization vehicles and also acts as servicer and master servicer for mortgage loans included in securitizations and for unsecuritized mortgage loans owned by investors. As a servicer or master servicer for those loans, the Company has certain contractual obligations to the securitization trusts, investors, or other third parties. As a servicer, the Company's obligations include foreclosing on defaulted loans or, to the extent consistent with the applicable securitization or other investor agreement, considering alternatives to foreclosure such as loan modifications or short sales, as applicable. In the Company's capacity as a master servicer, obligations include overseeing the servicing of mortgage loans by the servicer. Generally, the Company's servicing obligations are set by contract, for which the Company receives a contractual fee. However, with respect to mortgage loans, GSEs can amend their servicing guidelines, which can increase the scope or costs of the services required without any corresponding increase in the Company's servicing fee. As a servicer, the Company also advances expenses on behalf of investors which it may be unable to collect. A material breach of the Company's obligations as servicer or master servicer may result in contract termination if the breach is not cured within a specified period of time following notice. In addition, the Company may be required to indemnify the securitization trustee against losses from any failure by the Company, as a servicer or master servicer, to perform the Company's servicing obligations or any act or omission on the Company's part that involves willful misfeasance, bad faith, or gross negligence. For certain investors and certain transactions, the Company may be contractually obligated to repurchase a mortgage loan or reimburse the investor for credit losses incurred on the loan as a remedy for servicing errors with respect to the loan. The Company may be subject to increased repurchase obligations as a result of claims made that the Company did not satisfy its obligations as a servicer or master servicer. The Company may also experience increased loss severity on repurchases, which may require a material increase to the Company's repurchase reserve. The Company has and may continue to receive indemnification requests related to the Company's servicing of mortgage loans owned or insured by other parties, primarily GSEs.

Credit and Mortgage Business Risk

Heightened credit risk could require the Company to increase its provision for credit losses, which could have a material adverse effect on the Company's results of operations and financial condition When the Company lends money, or commits to lend money, it incurs credit risk, or the risk of losses if its borrowers do not repay their loans. As one of the largest lenders in the United States, the credit performance of the Company's loan portfolios significantly affects its financial results and condition. If the current economic environment were to further deteriorate, the Company's customers may have more difficulty in repaying their loans or other obligations, which could result in a higher level of credit losses and higher provisions for credit losses. Stress on the United States economy or the local economies in which the Company does business, including the economic stress caused by the pandemic, supply chain

disruptions, escalating geopolitical tensions and higher interest rates and inflation, has resulted, and in the future may result, in, among other things, borrowers' inability to refinance loans at maturity and unexpected deterioration in credit quality of the loan portfolio or in the value of collateral securing those loans, which has caused, and in the future could cause, the Company to establish higher provisions for credit losses.

The Company reserves for credit losses by establishing an allowance through a charge to earnings to provide for loan defaults and nonperformance. The Company's allowance for loan losses is compliant with the CECL methodology, which is based on the portfolio's historical loss experience, an evaluation of the risks associated with its loan portfolio, including the size and composition of the loan portfolio, current and foreseeable economic conditions and borrower and collateral quality. These conditions inform the Company's expected lifetime loss estimates of the portfolio, which is the foundation for the allowance for credit losses. These forecasts and estimates require difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of the Company's borrowers to repay their loans. The Company may not be able to accurately predict these economic conditions and/or some or all of their effects, which may, in turn, negatively impact the reliability of the process. The Company also makes loans to borrowers where it does not have or service the loan with the first lien on the property securing its loan. For loans in a junior lien position, the Company may not have access to information on the position or performance of the first lien when it is held and serviced by a third party, which may adversely affect the accuracy of the loss estimates for loans of these types. Increases in the Company's allowance for loan losses may not be adequate to cover actual loan losses, and future provisions for loan losses could materially and adversely affect its financial results. In addition, the Company's ability to assess the creditworthiness of its customers may be impaired if the models and approaches it uses to select, manage, and underwrite its customers become less predictive of future behaviors.

A concentration of credit and market risk in the Company's loan portfolio could increase the potential for significant losses The Company may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the Company's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by economic or market conditions, or by regulation, such as regulation related to climate change. Deterioration in economic conditions or real estate values in states or regions where the Company has relatively larger concentrations of residential or commercial real estate could result in higher credit costs. For example, the Company's acquisition of MUB has increased the Company's exposure to the markets in California. Deterioration in real estate values and underlying economic conditions in California could result in higher credit losses to the Company.

Changes in interest rates can impact the value of the Company's mortgage servicing rights and mortgages held for sale, and can make its mortgage banking revenue volatile from quarter to quarter, which can reduce its earnings The Company has a portfolio of MSRs, which is the right to service a mortgage loan—collect principal, interest and escrow amounts—for a fee, with a fair value of $3.8 billion as of December 31, 2022. The Company initially carries its MSRs using a fair value measurement of the present value of the estimated future net servicing income, which includes assumptions about the likelihood of prepayment by borrowers. Changes in interest rates can affect prepayment assumptions and thus fair value. When interest rates fall, prepayments tend to increase as borrowers refinance, and the fair value of MSRs can decrease, which in turn reduces the Company's earnings. Further, it is possible that, because of economic conditions and/or a weak or deteriorating housing market, even when interest rates fall, mortgage originations may fall or any increase in mortgage originations may not be enough to offset the decrease in the MSRs' value caused by the lower rates.

The Company relies on the mortgage secondary market and GSEs for some of the Company's revenue and liquidity The Company sells a portion of the mortgage loans that it originates to increase revenue through origination fees and ongoing servicing of such loans and to provide funding capacity for originating additional loans. GSEs could limit their purchases of conforming loans due to capital constraints, other changes in their criteria for conforming loans or other reasons. This potential reduction in purchases could limit the Company's ability to fund new loans. In addition, if GSEs limited their purchases of conforming loans, the Company may limit its originations of mortgage loans that it intends to sell, which could reduce the Company's revenue from origination fees of such loans and the ongoing servicing fees it receives from such loans. Proposals have been presented to reform the housing finance market in the U.S., including the role of the GSEs in the housing finance market. The extent and timing of any such regulatory reform of the housing finance market and the GSEs, as well as any effect on the Company's business and financial results, are uncertain.

A decline in the soundness of other financial institutions could adversely affect the Company's results of operations The Company's ability to engage in routine funding or settlement transactions could be adversely affected by the actions and commercial soundness of other domestic or foreign financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Company has exposure to many different counterparties, and the Company routinely executes and settles transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and

hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, the soundness of one or more financial services institutions, or the financial services industry generally, could lead to losses or defaults by the Company or by other institutions and impact the Company's predominately United States–based businesses or the less significant merchant processing, corporate trust and fund administration services businesses it operates in foreign countries. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's credit risk may be further increased when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due the Company. There is no assurance that any such losses would not adversely affect the Company's results of operations.

Change in residual value of leased assets may have an adverse impact on the Company's financial results The Company engages in leasing activities and is subject to the risk that the residual value of the property under lease will be less than the Company's recorded asset value. Adverse changes in the residual value of leased assets can have a negative impact on the Company's financial results. The risk of changes in the realized value of the leased assets compared to recorded residual values depends on many factors outside of the Company's control, including supply and demand for the assets, condition of the assets at the end of the lease term, and other economic factors.

Liquidity Risk

If the Company does not effectively manage its liquidity, its business could suffer The Company's liquidity is essential for the operation of its business. Market conditions, the threat or occurrence of a U.S. sovereign default, unforeseen outflows of funds or other events could negatively affect the Company's level or cost of funding, affecting its ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, and fund asset growth and new business transactions at a reasonable cost and in a timely manner. If the Company's access to stable and low-cost sources of funding, such as customer deposits, is reduced, the Company might need to use alternative funding, which could be more expensive or of limited availability. Any substantial, unexpected or prolonged changes in the level or cost of liquidity could adversely affect the Company's business.

Loss of customer deposits could increase the Company's funding costs The Company relies on bank deposits to be a low-cost and stable source of funding. The Company competes with banks and other financial services companies for deposits, including those that offer on-line channels. Recent increases in short-term interest rates have resulted in and are expected to continue to result in more intense competition in deposit pricing. If the Company's competitors raise the interest rates they pay on deposits, the Company's funding costs may increase, either because the Company raises the interest rates it pays on deposits to avoid losing deposits to competitors or because the Company loses deposits to competitors and must rely on more expensive sources of funding. Higher funding costs reduce the Company's net interest margin and net interest income. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. When customers move money out of bank deposits and into other investments, the Company may lose a relatively low-cost source of funds, increasing the Company's funding costs and reducing the Company's net interest income.

The Company relies on dividends from its subsidiaries for its liquidity needs, and the payment of those dividends is limited by laws and regulations The Company is a separate and distinct legal entity from USBNA, MUB and the Company's non-bank subsidiaries. The Company receives a significant portion of its cash from dividends paid by its subsidiaries. These dividends are the principal source of funds to pay dividends on the Company's stock and interest and principal on its debt. Various federal and state laws and regulations limit the amount of dividends that USBNA, MUB and certain of the Company's non-bank subsidiaries may pay to the Company without regulatory approval. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to prior claims of the subsidiary's creditors, except to the extent that any of the Company's claims as a creditor of that subsidiary may be recognized. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding limitations on the amount of dividends USBNA and MUB may pay.

Competitive and Strategic Risk

The financial services industry is highly competitive, and competitive pressures could intensify and adversely affect the Company's financial results The Company operates in a highly competitive industry that could become even more competitive as a result of legislative, regulatory and technological changes, as well as continued industry consolidation, which may increase in connection with current economic and market conditions. This consolidation may produce larger, better-capitalized and more geographically diverse companies that are capable of offering a wider array of financial products and services at more competitive prices. The Company competes with other commercial banks, savings and loan associations, mutual savings banks, finance companies, mortgage banking

companies, credit unions, investment companies, credit card companies, and a variety of other financial services and advisory companies. Legislative or regulatory changes also could lead to increased competition in the financial services sector. For example, the Economic Growth Act and the Tailoring Rules have reduced the regulatory burden of large bank holding companies, including the Company and some of its competitors, and raised the asset thresholds at which more onerous requirements apply, which could cause certain large bank holding companies with less than $250 billion in total consolidated assets, which were previously subject to more stringent enhanced prudential standards, to become more competitive or to pursue expansion more aggressively.

The adoption and rapid growth of new technologies, including cryptocurrencies and blockchain and other distributed ledger technologies, have required the Company to invest resources to adapt its systems, products and services, and it expects to continue to make similar investments. In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services, such as loans and payment services, that traditionally were banking products, and made it possible for technology companies to compete with financial institutions in providing electronic, internet-based, and mobile phone–based financial solutions. Competition with non-banks, including technology companies, to provide financial products and services is intensifying. In particular, the activity of financial technology companies ("fintechs") has grown significantly over recent years and is expected to continue to grow. Fintechs have and may continue to offer bank or bank-like products. For example, a number of fintechs have applied for bank or industrial loan charters, which, in some cases, have been granted. In addition, other fintechs have partnered with existing banks to allow them to offer deposit products or payment services to their customers. Many of these companies, including the Company's competitors, have fewer regulatory constraints, and some have lower cost structures, in part due to lack of physical structures. Also, the potential need to adapt to industry changes in information technology systems, on which the Company and financial services industry are highly dependent, could present operational issues and require capital spending. The Company's ability to compete successfully depends on a number of factors, including, among others, its ability to develop and execute strategic plans and initiatives; developing, maintaining and building long-term customer relationships based on quality service, competitive prices, high ethical standards and safe, sound assets; and industry and general economic trends. A failure to compete effectively could contribute to downward price pressure on the Company's products or services or a loss of market share.

The Company may need to lower prices on existing products and services and develop and introduce new products and services to maintain market share The Company's success depends, in part, on its ability to adapt its products and services to evolving industry standards. There is increasing pressure to provide products and services at lower prices. Lower prices can reduce the Company's net interest margin and revenues from its fee-based products and services. In addition, the adoption of new technologies or further developments in current technologies require the Company to make substantial expenditures to modify or adapt its existing products and services. Also, these and other capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure. The Company might not be successful in developing or introducing new products and services, adapting to changing customer preferences and spending and saving habits (which may be altered significantly and with little warning), achieving market acceptance of its products and services, or sufficiently developing and maintaining loyal customer relationships.

The Company may not be able to complete future acquisitions, and completed acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated, may result in unforeseen integration difficulties, and may dilute existing shareholders' interests The Company regularly explores opportunities to acquire financial services businesses or assets and may also consider opportunities to acquire other banks or financial institutions. The Company cannot predict the number, size or timing of acquisitions it might pursue.

The Company must generally receive federal regulatory approval before it can acquire a bank or bank holding company. The Company's ability to pursue or complete an attractive acquisition could be negatively impacted by regulatory delay or other regulatory issues. The Company cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. For example, the Company may be required to sell branches as a condition to receiving regulatory approval for bank acquisitions. If the Company commits certain regulatory violations, including those that result in a downgrade in certain of the Company's bank regulatory ratings, governmental authorities could, as a consequence, preclude it from pursuing future acquisitions for a period of time.

There can be no assurance that acquisitions the Company completes, including its recently completed acquisition of MUB, will have the anticipated positive results, including results related to expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits. The Company may incur substantial expenses related to acquisitions and integration of acquired companies. Successful integration of an acquired company, including MUB, may present challenges due to differences in systems, operations, policies and procedures, management teams and corporate cultures and may be more costly or difficult to complete than anticipated or have unanticipated adverse results. Integration efforts could divert management's attention and resources, which could adversely affect the Company's operations or results. Integration efforts could result in higher than expected customer loss, deposit attrition, loss of key employees, issues with systems and technology, disruption of the Company's businesses or the

businesses of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected. In addition, future acquisitions may also expose the Company to increased legal or regulatory risks. Finally, future acquisitions could be material to the Company, and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholders' ownership interests.

Accounting and Tax Risk

The Company's reported financial results depend on management's selection of accounting methods and certain assumptions and estimates, which, if incorrect, could cause unexpected losses in the future The Company's accounting policies and methods are fundamental to how the Company records and reports its financial condition and results of operations. The Company's management must exercise judgment in selecting and applying many of these accounting policies and methods, so they comply with generally accepted accounting principles and reflect management's judgment regarding the most appropriate manner to report the Company's financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances, yet might result in the Company's reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting the Company's financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. These critical accounting policies include the allowance for credit losses, estimations of fair value, the valuation of MSRs, and income taxes. Because of the uncertainty of estimates involved in these matters, the Company may be required to do one or more of the following: significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the reserve provided, recognize significant losses on the remeasurement of certain asset and liability balances, or significantly increase its accrued taxes liability. For more information, refer to "Critical Accounting Policies" in this Annual Report.

The Company's investments in certain tax-advantaged projects may not generate returns as anticipated and may have an adverse impact on the Company's financial results The Company invests in certain tax-advantaged projects promoting affordable housing, community development and renewable energy resources. The Company's investments in these projects are designed to generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. The Company is subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, will fail to meet certain government compliance requirements and will not be able to be realized. The possible inability to realize these tax credit and other tax benefits can have a negative impact on the Company's financial results. The risk of not being able to realize the tax credits and other tax benefits depends on many factors outside of the Company's control, including changes in the applicable tax code and the ability of the projects to be completed.

General Risk Factors

The Company's framework for managing risks may not be effective in mitigating risk and loss to the Company The Company's risk management framework seeks to mitigate risk and loss. The Company has established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which it is subject, including liquidity risk, credit risk, market risk, interest rate risk, compliance risk, strategic risk, reputation risk, and operational risk related to its employees, systems and vendors, among others. However, as with any risk management framework, there are inherent limitations to the Company's risk management strategies as there may exist, or develop in the future, risks that it has not appropriately anticipated or identified. In addition, the Company relies on quantitative models to measure certain risks and to estimate certain financial values, and these models could fail to predict future events or exposures accurately. The Company must also develop and maintain a culture of risk management among its employees, as well as manage risks associated with third parties, and could fail to do so effectively. If the Company's risk management framework proves ineffective, the Company could incur litigation and negative regulatory consequences, and suffer unexpected losses that could affect its financial condition or results of operations.

The Company's business could suffer if it fails to attract and retain skilled employees The Company's success depends, in large part, on its ability to attract and retain key employees. Competition for the best people in most activities the Company engages in can be intense.

The impact of the COVID-19 pandemic had a significant impact on the longer-term labor and employment market, including heightened pressures on employers to increase compensation and provide work-from-home, hybrid and other flexible working arrangements. Employees have shifted their focus to expectations that extend beyond compensation, including better work-life balance, improved advancement opportunities and improved training, and many businesses, including the Company, have had to adapt quickly to the changing environment. The Company's ability to compete successfully for talent has been and may continue to be affected

by its ability to adapt quickly to such shifts in employee focus, and there is no assurance that these developments will not cause increased turnover or impede the Company's ability to retain and attract the highest caliber employees.

A downgrade in the Company's credit ratings could have a material adverse effect on its liquidity, funding costs and access to capital markets The Company's credit ratings, which are subject to credit agencies' ongoing review of a number of factors, including factors not within the Company's control such as the threat or occurrence of a U.S. sovereign default, are important to the Company's liquidity. A reduction in one or more of the Company's credit ratings could adversely affect its liquidity, increase its funding costs or limit its access to the capital markets. Further, a downgrade could decrease the number of investors and counterparties willing or able, contractually or otherwise, to do business with or lend to the Company, thereby adversely affecting the Company's competitive position. There can be no assurance that the Company will maintain its current ratings and outlooks.

Changes in accounting standards could materially impact the Company's financial statements From time to time, the Financial Accounting Standards Board and the United States Securities and Exchange Commission change the financial accounting and reporting standards that govern the preparation of the Company's financial statements. These changes can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations. The Company could be required to apply a new or revised standard retroactively or apply an existing standard differently, on a retroactive basis, in each case potentially resulting in the Company restating prior period financial statements.

Managing Committee

Andrew Cecere

Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere, 62, has served as President of U.S. Bancorp since January 2016, Chief Executive Officer since April 2017 and Chairman since April 2018. He also served as Vice Chairman and Chief Operating Officer from January 2015 to January 2016 and was U.S. Bancorp's Vice Chairman and Chief Financial Officer from February 2007 until January 2015. Until that time, he served as Vice Chairman, Wealth Management and Investment Services, of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. Previously, he had served as an executive officer of the former U.S. Bancorp, including as Chief Financial Officer from 2000 through 2001.

Souheil S. Badran

Mr. Badran is Senior Executive Vice President and Chief Operations Officer of U.S. Bancorp. Mr. Badran, 58, has served in this position since joining U.S. Bancorp in December 2022. From January 2019 until November 2022, he served as Executive Vice President and Chief Operating Officer at Northwestern Mutual, having also served as Chief Innovation Officer from January 2019 until September 2019. Previously Mr. Badran served as President of Alibaba's Alipay business in the Americas from August 2016 until August 2018. From 2015 to 2016, Mr. Badran served as CEO at Edo Interactive, and from 2011 to 2015, he served as Senior Vice President and General Manager at Digital River.

Elcio R.T. Barcelos

Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos, 52, has served in this position since joining U.S. Bancorp in September 2020. From April 2018 until August 2020, he served as Senior Vice President and Chief People and Places Officer of the Federal National Mortgage Association (Fannie Mae), having served as Senior Vice President, Human Resources of the DXC Technology Company from April 2017 to March 2018. Previously, Mr. Barcelos served as Senior Vice President and Head of Human Resources for the Enterprise Services business of Hewlett Packard Enterprise Company from June 2015 to April 2017, and in other human resources senior leadership positions at Hewlett-Packard Company and Hewlett Packard Enterprise Company from July 2009 to June 2015. He previously served in various leadership roles at Wells Fargo and Bank of America.

James L. Chosy

Mr. Chosy is Senior Executive Vice President and General Counsel of U.S. Bancorp. Mr. Chosy, 59, has served in this position since March 2013. He also served as Corporate Secretary of U.S. Bancorp from March 2013 until April 2016. From 2001 to 2013, he served as the General Counsel and Secretary of Piper Jaffray Companies. From 1995 to 2001, Mr. Chosy was Vice President and Associate General Counsel of U.S. Bancorp, having also served as Assistant Secretary of U.S. Bancorp from 1995 through 2000 and as Secretary from 2000 until 2001.

Gregory G. Cunningham

Mr. Cunningham is Senior Executive Vice President and Chief Diversity Officer of U.S. Bancorp. Mr. Cunningham, 59, has served in this position since July 2020. From July 2019 until July 2020, he served as Senior Vice President and Chief Diversity Officer of U.S. Bancorp, having served as Vice President of Customer Engagement of U.S. Bancorp from October 2015, when he joined U.S. Bancorp, until July 2019. Previously, Mr. Cunningham served in various roles in the marketing department of Target Corporation from January 1998 until March 2015.

Venkatachari Dilip

Mr. Dilip is Executive Vice President and Global Chief Information and Technology Officer of U.S. Bancorp. Mr. Dilip, 63, has served in this position since September 2018, when he joined U.S. Bancorp. From May 2014 until July 2017, he served as Vice President at McKinsey Digital where he helped banks accelerate their digital transformation. From April 2009 to September 2013, he served as CEO at Compass Labs leading an innovative marketing analytics company. From March 2006 until April 2008, he served as Director of Products at Google where he led product teams for mobile ads and Google Checkout. From March 2004 until March 2006, he served as Vice President of PayPal/eBay and on the Board of PayPal Europe, where he was responsible for Payments Services, Risk and Fraud Management. Previously, Mr. Dilip co-founded and led startup companies CashEdge and CommerceSoft from 1996 until 2003.

Terrance R. Dolan

Mr. Dolan is Vice Chair and Chief Financial Officer of U.S. Bancorp. Mr. Dolan, 61, has served in this position since August 2016. From July 2010 to July 2016, he served as Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. From September 1998 to July 2010, Mr. Dolan served as U.S. Bancorp's Controller. He additionally held the title of Executive Vice President from January 2002 until June 2010 and Senior Vice President from September 1998 until January 2002.

Gunjan Kedia

Ms. Kedia is Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. Ms. Kedia, 52, has served in this position since joining U.S. Bancorp in December 2016. From October 2008 until May 2016, she served as Executive Vice President of State Street Corporation where she led the core investment servicing business in North and South America and

served as a member of State Street's management committee, its senior most strategy and policy committee. Previously, Ms. Kedia was an Executive Vice President of global product management at Bank of New York Mellon from 2004 to 2008 and a Partner and associate at McKinsey from 1996 to 2004.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 57, has served in this position since January 2016. From March 2014 until December 2015, he served as Executive Vice President, Fixed Income and Capital Markets, of U.S. Bancorp, having served as Executive Vice President, Credit Fixed Income, of U.S. Bancorp from May 2009 to March 2014. Prior to that time, he held various leadership positions with Wells Fargo Securities from 2003 to 2009.

Shailesh M. Kotwal

Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal, 58, has served in this position since joining U.S. Bancorp in March 2015. From July 2008 until May 2014, he served as Executive Vice President of TD Bank Group with responsibility for retail banking products and services and as Chair of its enterprise payments council. From 2006 until 2008, he served as President, International, of eFunds Corporation. Previously, Mr. Kotwal served in various leadership roles at American Express Company from 1989 until 2006, including responsibility for operations in North and South America, Europe and the Asia-Pacific regions.

Katherine B. Quinn

Ms. Quinn is Vice Chair and Chief Administrative Officer of U.S. Bancorp. Ms. Quinn, 58, has served in this position since April 2017. From September 2013 to April 2017, she served as Executive Vice President and Chief Strategy and Reputation Officer of U.S. Bancorp and has served on U.S. Bancorp's Managing Committee since January 2015. From September 2010 until January 2013, she served as Chief Marketing Officer of WellPoint, Inc. (now known as Anthem, Inc.), having served as Head of Corporate Marketing of WellPoint from July 2005 until September 2010.

Jodi L. Richard

Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard, 54, has served in this position since October 2018. She served as Executive Vice President and Chief Operational Risk Officer of U.S. Bancorp from January 2018 until October 2018, having served as Senior Vice President and Chief Operational Risk Officer from 2014 until January 2018. Prior to that time, Ms. Richard held various senior leadership roles at HSBC from 2003 until 2014, including Executive Vice President and Head of Operational Risk and Internal Control at HSBC North America from 2008 to 2014. Ms. Richard started her career at the Office of the Comptroller of the Currency in 1990 as a national bank examiner.

Mark G. Runkel

Mr. Runkel is Senior Executive Vice President and Chief Transformation Officer of U.S. Bancorp. Mr. Runkel, 46, has served in this position since August 2021. From December 2013 to August 2021, he served as Senior Executive Vice President and Chief Credit Officer. From February 2011 until December 2013, he served as Senior Vice President and Credit Risk Group Manager of U.S. Bancorp Retail and Payment Services Credit Risk Management, having served as Senior Vice President and Risk Manager of U.S. Bancorp Retail and Small Business Credit Risk Management from June 2009 until February 2011. From March 2005 until May 2009, he served as Vice President and Risk Manager of U.S. Bancorp.

Dominic V. Venturo

Mr. Venturo is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Venturo, 56, has served in this position since July 2020. From January 2015 until July 2020, he served as Executive Vice President and Chief Innovation Officer of U.S. Bancorp, having served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Payment Services from January 2010 until January 2015. From January 2007 to December 2009, Mr. Venturo served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Retail Payment Solutions. Prior to that time, he served as Senior Vice President and held product management positions in various U.S. Bancorp Payment Services business lines from December 1998 to December 2006.

Jeffry H. von Gillern

Mr. von Gillern is Vice Chair, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern, 57, has served in this position since July 2010. From April 2001, when he joined U.S. Bancorp, until July 2010, Mr. von Gillern served as Executive Vice President of U.S. Bancorp, additionally serving as Chief Information Officer from July 2007 until July 2010.

Timothy A. Welsh

Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh, 57, has served in this position since March 2019. Prior to that, he served as Vice Chair, Consumer Banking Sales and Support since joining U.S. Bancorp in July 2017. From July 2006 until June 2017, he served as a Senior Partner at McKinsey & Company where he specialized in financial services and the consumer experience. Previously, Mr. Welsh served as a Partner at McKinsey from 1999 to 2006.

Directors

Andrew Cecere[1,3,7]
Chairman, President and Chief Executive Officer
U.S. Bancorp

Warner L. Baxter[1,2,4]
Executive Chairman and Former Chairman, President and Chief Executive Officer
Ameren Corporation
(Energy)

Dorothy J. Bridges[1,6,7]
Chief Executive Officer
Metropolitan Economic Development Association (Meda)
(Economic Development)

Elizabeth L. Buse[2,3]
Former Chief Executive Officer
Monitise plc
(Financial services)

Alan B. Colberg[2,6]
Retired President and Chief Executive Officer
Assurant, Inc.
(Financial services and specialty insurance)

Kimberly N. Ellison-Taylor[2,6]
Founder and Chief Executive Officer
KET Solutions, LLC
(Technology)

Kimberly J. Harris[1,4,5]
Retired President and Chief Executive Officer
Puget Energy, Inc.
(Energy)

Roland A. Hernandez[1,3,5]
Founding Principal and Chief Executive Officer
Hernandez Media Ventures
(Media)

Olivia F. Kirtley[1,4,5]
Business Consultant
(Consulting)

Richard P. McKenney[1,5,7]
President and Chief Executive Officer
Unum Group
(Financial protection benefits)

Yusuf I. Mehdi[6,7]
Corporate Vice President
Microsoft Corporation
(Technology)

Loretta E. Reynolds[3,7]
Founder and Chief Executive Officer
LEReynolds Group, LLC
(Information Technology)

John P. Wiehoff[6,7]
Retired Chairman and Chief Executive Officer
C.H. Robinson Worldwide, Inc.
(Transportation and logistics services)

Scott W. Wine[1,2,4]
Chief Executive Officer
CNH Industrial N.V.
(Agricultural machinery)

1. *Executive Committee*
2. *Audit Committee*
3. *Capital Planning Committee*
4. *Compensation and Human Resources Committee*
5. *Governance Committee*
6. *Public Responsibility Committee*
7. *Risk Management Committee*

CORPORATE INFORMATION

Executive offices

U.S. Bancorp
800 Nicollet Mall
Minneapolis, MN 55402

Common stock transfer agent and registrar

Computershare acts as our transfer agent and registrar, dividend paying agent and dividend reinvestment plan administrator and maintains all shareholder records for the Company. Inquiries related to shareholder records, stock transfers, changes of ownership, lost stock certificates, changes of address and dividend payment should be directed to the transfer agent at:

Computershare
P.O. Box 505000
Louisville, KY 40233
Phone: 888-778-1311 or
201-680-6578 (international calls)

computershare.com/investor

Registered or Certified Mail:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202

Telephone representatives are available weekdays from 8 a.m. to 6 p.m., Central Time, and automated support is available 24 hours a day, seven days a week. Specific information about your account is available on Computershare's Investor Center website.

Independent auditor

Ernst & Young LLP serves as the independent auditor for U.S. Bancorp's financial statements.

Common stock listing and trading

U.S. Bancorp common stock is listed and traded on the New York Stock Exchange under the ticker symbol USB.

Dividends and reinvestment plan

U.S. Bancorp currently pays quarterly dividends on our common stock on or about the 15th day of January, April, July and October, subject to approval by our Board of Directors. U.S. Bancorp shareholders can choose to participate in a plan that provides automatic reinvestment of dividends and/or optional cash purchase of additional shares of U.S. Bancorp common stock. For more information, please contact our transfer agent, Computershare.

Investor relations contact

George Andersen
Senior Vice President,
Director of Investor Relations
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Financial information

U.S. Bancorp news and financial results are available through our website and by mail.

Website: For information about U.S. Bancorp, including news, financial results, annual reports and other documents filed with the Securities and Exchange Commission, visit usbank.com and click on About Us.

Mail: At your request, we will mail to you our quarterly earnings, news releases, quarterly financial data reported on Form 10-Q, Form 10-K and additional copies of our annual reports. Please contact:

U.S. Bancorp Investor Relations
800 Nicollet Mall
Minneapolis, MN 55402
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Media requests

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Privacy

U.S. Bancorp is committed to respecting the privacy of our customers and safeguarding the financial and personal information provided to us. To learn more about the U.S. Bancorp commitment to protecting privacy, visit usbank.com and click on Privacy.

Accessibility

U.S. Bancorp is committed to providing ready access to our products and services so all of our customers, including people with disabilities, can succeed financially. To learn more, visit usbank.com and click on Accessibility.

Ethics

At U.S. Bancorp, our commitment to high ethical standards guides everything we do. Demonstrating this commitment through our words and actions is how each of us does the right thing every day for our customers, shareholders, communities and each other. Our ethical culture has been recognized by the Ethisphere® Institute, which named us to its World's Most Ethical Companies® list for the eighth time in 2022.

Each year, every employee certifies compliance with the letter and spirit of our Code of Ethics and Business Conduct.

For details about our Code of Ethics and Business Conduct, visit usbank.com and click on About Us and then Investor Relations and then Corporate Governance and then Governance Documents.

Diversity, equity and inclusion

At U.S. Bancorp, embracing diversity, championing equity and fostering inclusion are business imperatives. We view everything we do through a diversity, equity and inclusion lens to deepen our relationships with our stakeholders: our employees, customers, shareholders and communities.

Our employees bring their whole selves to work. We respect and value each other's differences, strengths and perspectives, and we strive to reflect the communities we serve. This makes us stronger, more innovative and more responsive to our diverse customers' needs.

To learn more about our commitment to diversity, equity and inclusion, visit **usbank.com/diversity**.

Equal opportunity and affirmative action

U.S. Bancorp and our subsidiaries are committed to providing Equal Employment Opportunity to all employees and applicants for employment. In keeping with this commitment, employment decisions are made based on abilities, not race, color, religion, creed, citizenship, national origin or ancestry, gender, age, disability, veteran status, sexual orientation, marital status, gender identity or expression, genetic information or any other factors protected by law. The Company complies with municipal, state and federal fair employment laws, including regulations applying to federal contractors.

U.S. Bancorp, including each of our subsidiaries, is an equal opportunity employer committed to creating a diverse workforce.

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U.S. Bancorp Enterprise Resiliency Program

The Enterprise Resiliency Program ("Program") establishes and supports the U.S. Bancorp ("Company") Business Continuity and Contingency Planning and Response Program. The Program is designed to protect customers, assets, and employees by evaluating the risks of significant adverse events; planning and validating response strategies; actively monitoring and reporting on the threat landscape and effectiveness of the control environment; and leading emergency response teams.

This Program ensures the Company and its affiliates meet the fiduciary responsibility to stakeholders and comply with regulatory requirements of the Federal Financial Institutions Examination Council (FFIEC), the Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC), the Federal Reserve Bank (FRB), the Financial Industry Regulatory Authority (FINRA), the Office of the Superintendent of Financial Institutions (OSFI), the Central Bank of Ireland (CBI) and the European Banking Authority (EBA). Additionally, Company has met all recovery criteria as prescribed by the Interagency White Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System.

The U.S. Bancorp Board of Directors annually approves the U.S. Bancorp Enterprise Resiliency Policy. Program status and any significant issues are reported annually to the U.S. Bancorp Board of Directors and quarterly to the Managing Committee and Senior Executives.

Foundation of Risk Management

The Enterprise Resiliency Program is supported by the Enterprise Resiliency Group (ERG), a department of the Company's Risk Management and Compliance division. The group consists of over 40 risk management business, technology, and third party resiliency professionals.

Risk Assessments

Risk assessments are foundational to the Enterprise Resiliency Program. The results of risk assessments drive the planning, exercising, and emergency response components of the program. The following risk assessments are performed:

- Business Impact Analysis ("BIA") measures the effects of resource loss and escalating losses over time to provide the basis for risk mitigation and business continuity planning
- Third Party Resiliency Assessment drives the appropriate third party outage and recovery planning by evaluating the risks associated with mission critical third parties. The potential risks may include processes the third party performs or technology they provide.
- Threat Vulnerability Assessment ("TVA") assesses the risk of major natural hazard events along with the impacts of those events on U.S. Bank corporate locations and the mission critical processes and technologies executed at those locations.

Results of these risk analysis activities drive strategic recovery planning for continuity of operations for these processes. A Third Party Resiliency Assessment occurs annually on the anniversary of the

previous assessment or upon a significant change in the relationship. The BIA is completed annually, or upon significant change, for all critical business processes. TVA Assessments are completed bi-annually or upon significant change.

Risk Mitigation Planning

The Enterprise Resiliency Group maintains established guidelines which incorporate industry best practices for the operational resiliency of critical business processes and technology. To achieve operational resiliency, business process and technology owners, under the guidance of the Enterprise Resiliency Group, build and maintain response plans to address threats and risks identified by the assessment activities described above. The response plans are integrated into the overall Company Risk Management framework.

Business Continuity Response Plans

Company's Business Continuity Plans are developed and maintained to address operational resiliency and recovery strategies for such events as: pandemic/high employee absenteeism, natural and man-made hazard impacts, technology outages, and other business disruptions.

In the event a business office or operational facility is likely to become non-operational, an appropriate business continuity plan will be activated. The response strategy will vary based upon the nature of the disruption and work impacted.

Response strategies include:

- Transfer Work: Work is transferred out of the impacted area to another location that does the same business function or has been cross trained
- Relocate People within Business: Team members from the impacted location are relocated to another site
- Relocate to Regional Recovery Center: A location, other than the normal facility, is used to process data and conduct critical or necessary business functions
- Work from Home: Team members will work from home on a bank-owned device

Company's business continuity response plans are reviewed and approved annually.

IT Resiliency Response Plans

Company's technology infrastructure is designed and implemented to ensure high- availability and recoverability. Industry leading best practices and best-in-class technology components are utilized to operate a highly redundant, geographically dispersed network of data centers. All data is backed up to an out of region data center and all critical data is securely replicated to an out of region data center.

Company's IT Resiliency Plans are developed and maintained to address technology, infrastructure, application and data recovery/ validation strategies in response to unplanned technology interruptions up to and including the loss of a data center.

IT Resiliency Plans are reviewed and approved annually.

Third Party Provider Outage Response Plans

Third Party Provider Outage Response Plans (Vendor Service Plans) are developed and maintained as a pre-planned response for mitigating and minimizing business impact when third party service(s) become impaired or unavailable because of an adverse event. Vendor Service Plans include but are not limited to the processes and procedures used for communicating, performing alternative or interim service continuity strategies, and for validating the resumption of services.

Vendor service plans are required to be reviewed and updated annually.

High Absenteeism/Pandemic Response Plans

The U.S. Bancorp Pandemic Preparation and Response Plan is developed and maintained in partnership with senior leaders and other critical support departments to prepare for the possibility of a pandemic in the same way that we prepare for other events that could affect our employees, customers, and our communities. The plan was prepared in communication with public officials, pandemic planning experts, various state and local organizations, and other financial institutions and businesses. The plan augments procedures already in place as part of Company's existing Enterprise Resiliency Program and outlines strategies to mitigate the impact of a pandemic upon the company, its employees, and customers.

Plan Validation

In alignment with regulatory requirements, bank policy, and industry best practices, resiliency plans are regularly exercised to demonstrate plan effectiveness and process/technology recoverability. Exercise scenarios include business continuity plan activation simulation; local, regional, national, and international crisis management and response team simulations; U.S. Bancorp and third-party joint exercises; and key/critical infrastructure/application disaster recovery.

Enterprise Resiliency Policy requires business continuity and vendor service plans to be exercised on an annual basis. Disaster recovery plans for mission critical and key applications are exercised on a quarterly basis. Results from each exercise are documented and reviewed by the Enterprise Resiliency Group. Any issues or plan discrepancies are documented along with remediation plans.

Crisis Management and Adverse Event Response

The Enterprise Resiliency Group's Crisis Management Department manages and coordinates the enterprise response to adverse events that threaten to harm the organization, its stakeholders, employees, assets, or reputation. The enterprise response focuses on the safety of all employees, customers, and assets of the Company; minimizing disruption of service to customers; returning to a business-as-usual state as quickly as possible; and limiting any potential liability of the organization.

Employee Training and Awareness

Employee training and awareness is a critical component of the success of Company's Enterprise Resiliency Program. The training and awareness program consists of both formal and informal activities, including but not limited to: required biennial training courses; response team planning; participation in functional exercises of recovery plans; and localized evacuation procedure drills.

Audits/ Exams/ ISO Certification

Annual internal audits and periodic OCC/Federal Reserve exams are conducted on the Company's Enterprise Resiliency Program. The Enterprise Resiliency Program maintains an ISO 22301-Business Continuity Management certification.

Notifications

In the event of a major disaster at Company that impacts a customer's product or service, a member of the Commercial Customer Support Team will communicate with the Customer in a timely manner. It is impossible to anticipate every type of potential disaster, and so the Company cannot provide assurance that there will be no interruption of business functions in all circumstances. The mission of the Company's Enterprise Resiliency Program is to minimize the impact of any disruption.

Disclaimer

This document is subject to modification by U.S. Bancorp at any time.

Terms of Service

October 2023

These Terms of Service include a binding arbitration provision located in Section 18.6 that allows any dispute arising out of or related to the Terms of Service to be submitted to arbitration. The arbitration provision impacts your legal rights and should be reviewed carefully.

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SUMMARY OF TERMS OF SERVICE CHANGES

Date	Section	Changes from Prior Version	Rationale
October 2023	4.2(d) (Termination of Reserve Account)	Language modified to clarify the timing of holding and releasing credits in the Reserve Account, and to remove lease equipment payments reference.	Updated for clarity.
	5.4(a)(ii) (Account Closing)	Language added to clarify Company's responsibility for fees following expiration or termination of the Agreement.	Updated to clarify responsibilities.
	5.4(a)(iv) (Leased Equipment) – deleted.	Section deleted	Change in services; new leases no longer being offered, but terms in Schedule A (Equipment Leasing) remain for existing leases.
	5.4(a)(iv)	Language added regarding returning Equipment (or deleting information within) following termination of the Agreement and Company's liability for fraud involving equipment after Company's accounts are closed.	Updated to reflect current operations and to clarify responsibilities.
	6.1 (Authorized Users; Access; Security of Passwords and User IDs)	Language added to clarify that user IDs relate to Authorized Users.	Updated to clarify responsibilities.
	7.2 (Research) – deleted.	Section deleted regarding Company paying Elavon for research items.	Updated to reflect current operations.
	7.3 (Other Amounts Owed)	Language modified to remove references to research fees and leased equipment payments, and language deleted to remove redundancy regarding fines, penalties, etc. for Payment Networks.	Conforming changes; readability.
	7.5 (Demand Deposit Account)	Clarified timing of DDA authorization	Updated for clarity.
	8.2 (Office of Foreign Assets Control Compliance)	Language added to create defined term for "OFAC.	Updated for clarity.
	9.2(b) (PCI-DSS)	Revised to remove provision of attestation of PCI compliance.	Updated to reflect current operations.
	9.2(c)(i) (Cardholder Data and Transaction Information)	Language added requiring each party to maintain reasonable safeguards to secure and protect Cardholder Data, Transaction Information, and Confidential Information.	Updated to strengthen protections for both parties.

Date	Section	Changes from Prior Version	Rationale
	9.2(c)(iv) (Cardholder Data and Transaction Information)	Language added to note that data use rights are only to the extent permissible by Law.	Updated for clarity.
	9.2(d) (Elavon Data Breach)	Removed language regarding Elavon contacting Company customers in the event of an Elavon Data Breach	Removed language was not applicable in practice.
	10.2(b) (Financial Information)	Language modified to require audited financial statements only if they are available.	Updated to reflect current requirements.
	11 (Proprietary Rights)	Removed assignment language from proprietary rights paragraph; removed Customizations defined term	Updated to remove redundancy.
	12.2(a) (Organization and Information)	Reference to Schedule A (Equipment Leasing) removed.	Conforming changes.
	13 (Indemnification)	Language added to clarify that indemnification obligation is with regard to the underlying goods or services sold by Company, and not everything arising from the Transaction.	Updated for clarity.
	17.1(b) and (d) (Company Service Providers and Company Resources)	Removed references to consent and notice from access provisions.	Updated for readability.
	17.2 (Liability for Direct Agreement with Third Party)	Language added regarding Company's liability for payment terminals and hardware/software.	Updated to clarify responsibilities.
	18.2 (Governing Law; Jurisdiction and Venue; Class Action Waiver)	Revised governing law provision to default to court proceedings rather than arbitration and to separate the jurisdiction for collections matters. Language added prohibiting participation in class action.	Updated to clarify responsibilities and reflect current requirements.
	18.6 (Arbitration) and Cover page	Language added to allow a party to elect arbitration, to clarify responsibilities and procedures with respect to arbitration, prevent class action or like claims in arbitration, and to provide court relief for claims that cannot be compelled to arbitration.	Updated to clarify responsibilities and reflect current requirements.
	18.7 (Notices)	Language added to create carveout from official notice for routine operational communications for deemed received timelines.	Updated to reflect current operations.
	18.8 (Bankruptcy)	Language on loan and debt financing removed.	Updated for clarity.

Date	Section	Changes from Prior Version	Rationale
	18.11(b) (Communication with Company)	Language added regarding authorization for Elavon to provide Company's contact information to American Express.	Updated for Network requirements.
	18.12 (Amendments)	Language added to provide optionality for notification of changes to the Agreement	Updated to reflect current operations.
	18.17 (Force Majeure)	Language added regarding pandemic and to clarify applicability of Force Majeure to delay.	Updated to reflect current requirements
	Appendix 1 (Definitions)	"Customizations" removed. "DDA (Demand Deposit Account)" modified to remove reference to Leased Equipment Payments. "Elavon Data Breach" modified to add language referencing third-party contractors. "Leased Equipment" removed to conform with changes. "Operating Guide" modified to refer to updated website link.	Conforming and clarifying changes.
	Schedule B (Provisions Applicable to Acceptance of Transactions in Canada)	Revised governing law provision to default to court proceedings rather than arbitration and to separate the jurisdiction for collections matters. Language added to allow a party to elect arbitration, to clarify responsibilities and procedures with respect to arbitration, prevent class action or like claims in arbitration, and to provide court relief for claims that cannot be compelled to arbitration. Pre-Authorized Debits (PADs) language updated reference to Payments Canada. Company termination rights expanded to include reduction in interchange rates. Language added regarding rights and responsibilities with respect to compliance with the Code of Conduct.	Updated to clarify responsibilities and reflect current requirements.
	Schedule C (Electronic Check Services)	Website link for Electronic Check Service Merchant Operating Guide updated and reference to ECS Primer removed. Revised language to clarify applicable tender types available for processing with ECS. Defined terms updated to conform with changes within.	Updated to reflect current operations and for clarity.

GENERAL PROVISIONS

1. **Definitions.** Capitalized terms used in these Terms of Service ("**TOS**") will have the meanings stated in Appendix 1.

2. **Scope of Agreement.** The TOS and the other portions of the Agreement govern Company's receipt and use of the Services selected by Company in the Company Application. The TOS is part of the Agreement and the signature by an authorized representative of the Company on the Company Application, will be the Company's acceptance of the terms and conditions contained in the Agreement. No strikeover of the preprinted text of the TOS will be effective. In addition to the terms of the Agreement, Company will comply with the general terms of the Operating Guide, any terms of the Operating Guide applicable to each selected Service, and any Documentation Elavon provides to Company in writing from time to time that is applicable to the Services.

3. **Transactions.**

   3.1. **Processing Limits**. Elavon may impose a cap on the dollar amount of Transaction Receipts that it will process for Company as indicated on the Company Application as Company's annual volume or as otherwise established by Elavon. Elavon may change this limit from time to time, without prior notice to Company. If Company exceeds the established limit, Elavon may suspend the processing of Transaction Receipts, and either return all Transaction Receipts evidencing funds over the cap to Company or hold those deposits in a separate account or Reserve Account.

   3.2. **Company Compliance**. Company will not submit Transactions for processing to Elavon for any businesses, products, or methods of selling other than those stated in the Company Application without Elavon's prior written consent.

   3.3. **Member Responsibilities**. Member will facilitate ACH Transactions and comply with all ACH Rules as applicable to Member in providing Services under this Agreement. Member will have no liability to Company under this Agreement.

4. **Security Interests; Reserve Account**.

   4.1. **Security Interests**.

   (a) **Security Agreement**. The Agreement constitutes a security agreement under the Uniform Commercial Code. Company grants to Elavon a security interest in and lien upon (and in Quebec, a hypothec on): (a) all funds at any time in the Reserve Account or DDA, regardless of the source of such funds; and (b) all funds underlying present and future Transaction Receipts; and (c) any amount which may be due to Company under the Agreement, including, without limitation, all rights to receive any payments or credits under the Agreement (collectively, the "**Secured Assets**"). Company agrees to provide other security to Elavon, upon request, to secure Company's obligations under the Agreement. These security interests and liens (and hypothecs) will secure all of Company's obligations under the Agreement and any other agreements now existing or later entered into between Company and Elavon or Member, including Company's obligation to pay any amounts due and owing to Member or Elavon. Elavon may execute this security interest (and hypothecs), without notice or demand of any kind, by making an immediate withdrawal or by restricting Company's access to the Secured Assets.

   (b) **Perfection**. Upon Elavon's request, Company will execute one or more control agreements or other documents to evidence or perfect this security interest (and hypothec). Company represents and warrants that no other person or entity has a security interest (or hypothec) in the Secured Assets. With respect to such security interests and liens (and hypothecs), Elavon will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. Company will obtain Elavon's written consent prior to granting a security interest (or hypothec) of any kind in the Secured Assets to a third party. Company agrees that this is a contract of recoupment, and Elavon is not required to file a motion for relief from a bankruptcy action

automatic stay to realize any of the Secured Assets. Nevertheless, Company agrees not to contest or object to any motion for relief from the automatic stay filed by Elavon. Company authorizes and appoints Elavon as Company's attorney in fact to sign Company's name to any control agreement used for the perfection of any security interest or lien (or hypothec) granted hereunder.

4.2. **Reserve Account**.

(a) **Establishment**. Elavon may establish a Reserve Account at any time to provide a source of funds to pay Elavon for any amounts owed by Company. The Reserve Account will be maintained with sums sufficient to satisfy Company's current and future obligations as determined Elavon. Elavon will have sole control of the Reserve Account. Elavon may, at any time, require that the amount on deposit in the Reserve Account be increased. Company's settlement funding may be directed to a Reserve Account if Company's websites are not in compliance with the Payment Network Regulations.

(b) **Funding**. Elavon may fund the Reserve Account by any of the following means:

(i) Elavon may require Company to transfer funds to Elavon for credit to the Reserve Account;

(ii) Elavon may debit the DDA and provide a corresponding credit to the Reserve Account; or

(iii) Elavon may credit to the Reserve Account amounts it would otherwise be obligated to credit to Company.

(c) **Use of Funds in Reserve Account**. Elavon may, without notice to Company, apply credits in the Reserve Account against any outstanding amounts Company owes or future amounts Company will owe under the Agreement or any other agreement between Company and Member or Elavon. Additionally, Elavon may debit the Reserve Account to exercise its rights under the Agreement, including its rights of set-off and recoupment to collect any amounts due to Elavon. Further, Company agrees that Elavon may be required to send funds in a Reserve Account to a third party in response to a tax levy or other court order.

(d) **Termination of Reserve Account**. Credits in the Reserve Account that have not been applied against amounts due to Elavon will remain in the Reserve Account until Company has paid in full all amounts owing or that may be owed under the Agreement, including all Chargebacks, returns, adjustments, fees, fines, penalties, assessments and charges from the Payment Networks, and any other payments due under the Agreement. Notwithstanding the foregoing, if Elavon determines that the circumstance that gave rise to the establishment of the Reserve Account has been sufficiently cured, then Elavon may terminate the Reserve Account or release credits from the Reserve Account, or both, based on Elavon's reasonable determination for the continuing potential risk of loss to Elavon.

4.3. **Recoupment and Set-off**.

(a) Elavon has the right of recoupment and set-off, and may offset any outstanding or uncollected amounts owed to it hereunder from:

(i) Any amounts it would otherwise be obligated to deposit into the DDA;

(ii) The Reserve Account by reducing the credits thereto; and

(iii) Any other amounts it may owe Company under the Agreement or any other agreement.

(b) Company acknowledges that in the event of a Bankruptcy Proceeding, in order for Company to provide adequate protection under Bankruptcy Code Section 362 to Elavon hereunder, Elavon may require the creation of a Reserve Account and will have the right to offset against the Reserve Account for all obligations Company may owe to Elavon, without regard to whether the

obligations relate to Transactions initiated or processed before or after the initiation of the Bankruptcy Proceeding.

4.4. **Remedies Cumulative.** The rights conferred upon Elavon in this Agreement are not intended to be exclusive of each other or of any other rights and remedies of Elavon under the Agreement, at law or in equity. Rather, each and every right of Elavon under the Agreement, at law or in equity, is cumulative and concurrent and in addition to every other right.

5. **Term and Termination**.

5.1. **Term**. Unless terminated as provided below, the Agreement will remain in effect for a period of three years ("**Initial Term**") following the date of acceptance of the Company Application by Elavon, which date will be the date upon which the Agreement becomes effective. Thereafter, the Agreement will renew automatically for successive two year terms (successive six month terms with respect to Canada) ("**Renewal Term**") unless terminated as provided below. If Company processes Transactions beyond the Initial Term or Renewal Term, then the terms of the Agreement will govern such Transaction processing.

5.2. **Termination**.

(a) **By Company**.

(i) Company may terminate the Agreement effective at the end of the Initial Term or any Renewal Term by providing written notice of non-renewal to Elavon at least 30 days prior to the expiration of the then current term.

(ii) Company may terminate the Agreement if Elavon has failed to perform a material obligation under the Agreement and such failure remains uncured for 30 days after Company notifies Elavon in writing of the existence of the failure.

(iii) Company will have the termination right stated in Section 18.17 if a Force Majeure occurs.

(b) **By Elavon**. Elavon may terminate the Agreement, in whole or in part, at any time with or without cause.

5.3. **Notice of Termination**. To be effective, Company's termination request must be completed on a form available from Elavon, and at a minimum, must include the name of the Company and Merchant Identification Number, and must be signed by the principal owners of Company. In those limited instances where Company's account is reinstated by Elavon following termination by either Company or Elavon, all of Company's obligations under the Agreement are likewise reinstated and will renew for successive two year Renewal Terms effective on the date of reinstatement.

5.4. **Actions Upon Termination**.

(a) **Account Closing.**

(i) Company acknowledges that closing Company's account with Elavon may take up to 30 days following Elavon's receipt of written notice of termination.

(ii) All obligations of a party regarding Transactions serviced prior to termination will survive termination. Company is responsible for all fees incurred during the Term, including those that are debited or invoiced after the expiration or termination of the Agreement. Company will maintain enough funds in the DDA following termination to cover all Chargebacks and returns, adjustments, fees, fines, penalties, assessments and charges from the Payment Networks and other amounts due under the Agreement for at least 180 days after termination.

(iii) Funds related to Transactions processed prior to termination may be placed in a Reserve Account until Company pays all amounts Company owes Elavon and any other amounts for

which Company is liable under the Agreement. If Elavon establishes a Reserve Account, then any balance remaining after Chargeback rights have expired and all other amounts owed by Company have been paid will be disbursed to Company.

(iv) Company will return to Elavon (or, if purchased, destroy or securely delete all information within) all Equipment following expiration or termination of this Agreement, and will be responsible for all fraud involving Equipment following the closure of Company's account.

(b) **Return to Elavon**. All Confidential Information, promotional materials, advertising displays, emblems, Transaction Receipts, Credit Transaction Receipts, and other forms supplied to Company and not purchased by Company or consumed in use will remain the property of Elavon and must be returned to Elavon or destroyed within 10 business days after termination of the Agreement. Company will be fully liable for all loss, cost, and expense suffered or incurred by Elavon arising out of any failure to return or destroy such materials following termination.

6. **Authorized Users; Access; Security of Passwords and User IDs**.

6.1. Company will be responsible for the distribution of all passwords and user IDs issued to any Authorized User and for maintaining the confidentiality and security of Authorized User's passwords and user IDs. Company will ensure that the access granted to each Authorized User to the Services is limited to only the access and information necessary for the Authorized User to perform his or her job functions on behalf of Company. Company will ensure that all Authorized Users will be trained and qualified to access and use the Services in accordance with the terms of the Agreement, the Operating Guide and any Documentation. Company is responsible for its Authorized Users' compliance with the terms of the Agreement, the Operating Guide, and the Documentation, for all acts or omissions of the Authorized Users, and for all use of any Authorized User's user ID and password other than by Elavon or Elavon's third-party contractors or use by third parties of the user IDs and passwords obtained by such third parties from Elavon or Elavon's third-party contractors.

6.2. Company will not, and will ensure that its Authorized Users do not:

(a) access or use the Services for any purposes other than for its own internal business purposes (except as authorized by Elavon) as disclosed to Elavon in writing;

(b) modify, reverse engineer, disassemble or decompile any part of the Services or Elavon Materials;

(c) knowingly transmit any data that contains software viruses, time bombs, worms, Trojan horses, spyware, disabling devices, malicious code, or other harmful or deleterious computer code, files or programs to or through the Services; provided, that Company will use commercially reasonable measures (at least industry standard) to screen for the foregoing.

(d) interfere with or disrupt the servers or networks connected to or providing the Services;

(e) remove, change or obliterate the copyright, trademark or other proprietary protection legends or notices that appear in connection with access to and use of the Services or any Elavon Materials; or

(f) copy, re-sell, republish, download, frame or transmit the Services or Elavon Materials, including in order to act as a consultant for any third party or, unless otherwise permitted under the Agreement, as a service bureau, outsourcing or application service provider for any third parties, or otherwise allow any third party to use or access the Services.

6.3. Company is responsible for changing the user IDs and passwords of its Authorized Users if it believes that any of those user IDs or passwords have been stolen or might otherwise be misused and for disabling any Authorized User's IDs and passwords promptly upon the termination of employment of such Authorized User or the cessation of such Authorized User's need to access the Services. Company will promptly notify Elavon if Company believes the Services or Elavon's databases have been compromised by use of a user ID or password associated with the Services.

7. **Fees and Taxes**.

7.1. **Compensation.** Company will compensate Elavon for all fees and other amounts due for the Services and Equipment in accordance with the Agreement and any additional application or setup forms (including enrollment forms). Such amounts will be calculated and debited from the DDA or the Reserve Account once each day or month for the previous day's or month's activity, as applicable, or will be deducted from the funds due Company under the Agreement.

7.2. **Change of Fees**. Elavon may adjust the fees in accordance with Section 18.12 below.

7.3. **Other Amounts Owed.**

(a) In addition to the amounts described in Section 7.1 above, Company will promptly pay Elavon for any Chargebacks, returns, adjustments and associated fees, and for any fines, penalties, assessments, or charges (including all those imposed by the Payment Networks as a result of Company's violation of Payment Network Regulations), and any other payments due under the Agreement. Elavon may offset these amounts from funds otherwise owed by Elavon to Company or may debit these amounts from Company's DDA or Reserve Account by ACH. If such offset or ACH debit does not fully reimburse Elavon for the amount owed, Company will promptly pay Elavon such amount upon demand.

(b) Elavon will charge interest on all uncollected amounts owed to Elavon that are more than 30 days past due at a rate no greater than the maximum rate of interest permitted under Laws.

7.4. **Taxes.** Company will pay all taxes and other charges imposed by any governmental authority on the Services and Equipment provided under the Agreement, excluding any taxes based on Elavon's property or net income. If Company is a tax-exempt entity, Company will provide Elavon with an appropriate certificate of tax exemption.

7.5. **Demand Deposit Account.** Company will establish and maintain one or more DDAs to facilitate payment of fees to Elavon. Company authorizes Elavon and its Affiliates that provide Services under the Agreement to initiate ACH credit and debit entries to the DDA in order to pay the fees and any other amounts that may be due by Company to Elavon under the Agreement, and Company authorizes its depository institution to grant Elavon access to any information or records regarding the DDA reasonably requested by Elavon to debit or credit the DDA and to otherwise exercise Elavon's rights under the Agreement with respect to the DDA. The foregoing authorizations will remain in effect throughout the Term and after termination of the Agreement until all of Company's payment obligations to Elavon have been paid in full. Company will obtain Elavon's prior consent to change the DDA. If Company does not get that consent, Elavon may immediately and without notice terminate the Agreement and may take any other action it deems necessary in its discretion. Elavon has the right to rely on written instructions submitted by Company requesting changes to the DDA. If Company changes the DDA, the ACH authorizations established under this Agreement will apply to the new account, and Company will provide Elavon such information regarding the new DDA as Elavon deems necessary to effect debits from or credits to the DDA as provided under the Agreement. It may take Elavon up to 10 business days after Elavon's receipt of a written notice from Company to reflect in Elavon's system any change to Company's DDA. Company may request from Elavon written confirmation of Elavon's consent to change the DDA.

7.6. **Depository Institution.** Company authorizes Elavon to direct the depository institution to hold funds in the DDA in an amount which Elavon deems sufficient to fully protect Elavon's and Member's rights under the Agreement or to block or restrict Company's or others' access to funds in the DDA (whether or not such funds are specifically related to any previous deposit for any Transaction Receipt). Company directs the depository institution to immediately comply with any such direction from Elavon.

8. **Compliance with Laws and Payment Network Regulations; MATCH™.**

8.1. **General.** Elavon and Company will comply with all Laws and Payment Network Regulations applicable to the selected Services.

8.2. **Office of Foreign Assets Control Compliance**. Company acknowledges that Elavon and Member are entities governed by the Laws of the United States and as such, cannot provide any products or services to Company or its Customers that contravene the Laws of the United States, including the Laws promulgated by the Office of Foreign Asset Control ("**OFAC**") or the United States Department of the Treasury or any successor thereto.

8.3. **Export Laws Compliance.** Company will comply with all United States export Laws governing the export and re-export of hardware, software or technology applicable to the Services and Equipment, including United States Department of State International Traffic In Arms Regulations (ITAR), United States Foreign Corrupt Practices Act, United States Commerce Department's Export Administration Regulations, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and Laws promulgated by OFAC or the United States Department of the Treasury or any successor thereto. Company will not, and will not request Elavon to, export, directly or indirectly, any technical data pursuant to the Agreement or any product using any such data to any country for which the United States Government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval.

8.4. **MATCH™ and Consortium Merchant Negative File.** Company acknowledges that Elavon is required to report Company's business name and the name of Company's principals to the MATCH™ listing maintained by Mastercard and accessed by Visa, to the Consortium Merchant Negative File maintained by Discover, if applicable, or to any other negative or terminated merchant file of any other Payment Network, if applicable, pursuant to the requirements of the Payment Network Regulations. Company specifically consents to Elavon's fulfillment of the obligations related to the listing of Company and Company information in such databases, and Company waives all claims and liabilities Company may have as a result of such reporting.

8.5. **Customer Identification**. To help the United States Government fight the funding of terrorism and money laundering activities, federal law requires financial institutions and their affiliates to obtain, verify, and record information that identifies each person who opens an account. Accordingly, Company will provide certain information and identifying documents requested by Elavon to allow Elavon to identify Company.

9. **Confidentiality; Data Security and Use**.

9.1. **Confidentiality**.

(a) **Confidential Information Generally**. Each party will protect the other party's Confidential Information from unauthorized disclosure, publication, or dissemination with the same standard of care and discretion it employs with similar information of its own, but in no event less than reasonable care, and will not use, reproduce, distribute, disclose, or otherwise disseminate the other party's Confidential Information except in connection with the performance of its obligations or rights under the Agreement. The Receiving Party acknowledges that any breach of this Section 9.1 by the Receiving Party may result in irreparable harm to the Disclosing Party for which monetary damages may not provide a sufficient remedy. Therefore, the Disclosing Party may seek both monetary damages and equitable relief with respect to any such breach without any obligation to post bond.

(b) **Disclosure of Confidential Information.** If the Receiving Party or its agents become legally required or compelled (by any publicly filed and noticed deposition, interrogatory, request for documents, civil subpoena, civil investigative demand or by any similar process or court or administrative order) to disclose Confidential Information, then the Receiving Party if permitted will provide the Disclosing Party with prompt prior written notice of such legal requirement so that the Disclosing Party may seek a protective order or other appropriate remedy. If the Disclosing Party does not obtain a protective order or other remedy, the Receiving Party agrees to disclose only that portion of the Confidential Information which the Receiving Party is legally

required to disclose and to use reasonable efforts to obtain assurances that confidential treatment will be accorded such Confidential Information. Neither party will be obligated to notify the other of the receipt of any non-public or confidential investigative demand, summons, or grand jury subpoena or other similar process that requires confidentiality on the part of the applicable party.

(c) **Duration of Obligations.** The non-disclosure obligations in this Section 9.1 will continue (i) with respect to Confidential Information that does not constitute a trade secret, for three years following termination, and (ii) with respect to Confidential Information that is a trade secret under Laws, for the longer of three years after termination and such period as the information retains its status as a trade secret under Laws.

(d) **Obligations on Termination.** At the request of the Disclosing Party upon the termination of the Agreement, the Receiving Party will promptly delete or return to the Disclosing Party all originals and copies containing or reflecting any Confidential Information of the Disclosing Party (other than those required to be retained by Law, or that would be unreasonably burdensome to destroy, such as archived computer records). If a dispute arises between the parties in relation to the Confidential Information or the Agreement, the Receiving Party may retain a copy of such Confidential Information as the Receiving Party reasonably determines is necessary for its defense of the dispute. In all cases, any retained Confidential Information will continue to be subject to the terms of the Agreement.

9.2. **Data Security and Use.**

(a) **Security Programs Compliance**. Elavon and Company will each comply with the applicable requirements of the Security Programs.

(b) **PCI-DSS**. Elavon will undergo an annual assessment of its compliance with the PCI-DSS. Company may review Elavon's current PCI-DSS compliance status on the Payment Network websites as available.

(c) **Cardholder Data and Transaction Information**.

(i) Elavon and Company will ensure the security of Cardholder Data and Transaction Information in accordance with all Laws and Payment Network Regulations. In accordance therewith, each of Elavon and Company will maintain reasonable and appropriate administrative, physical, and technical safeguards designed to (i) maintain the security and confidentiality of Cardholder Data, Transaction Information, and Confidential Information; (ii) protect such information against anticipated threats or hazards to its security or integrity; and (iii) prevent unauthorized access, use, or exfiltration of such information in violation of applicable Laws. Elavon and Company will retain Cardholder Data and Transaction Information for the duration required by Laws and the Payment Network Regulations and thereafter will destroy, in a manner that will render the information unreadable, all such information that is no longer necessary or appropriate to maintain for ordinary business purposes.

(ii) Company will not disclose Cardholder Data to any third party, except to a Service Provider, unless required by Laws or the Payment Network Regulations. Company will not retain or store magnetic stripe or CVV2/CVC2/CID data after authorization for any purpose. After authorization, Company will retain only the Customer account number, name, and card expiration date if Company has a reasonable business purpose to retain such information and is otherwise in compliance with the Agreement. If there is a failure or other suspension of Company's business operations, including any Bankruptcy Proceeding, Company will not sell, transfer, or disclose Cardholder Data to third parties, and Company will (a) return this information to Elavon or (b) provide acceptable proof of destruction of this information to Elavon.

(iii) Elavon acknowledges that Company may collect information about Company's Customers as part of a Company sales transaction (e.g., price paid, time, store identifier, SKU information) regardless of the Customer's payment type and not in connection with the Services, and that the Agreement does not restrict Company's retention, use or disclosure of such information even though some of that information may overlap with elements of Transaction Information.

(iv) Notwithstanding anything in Section 9.1, to the extent permitted by Law, any Cardholder Data, Transaction Information, and information regarding Company, its principals, or Affiliates included on the Company Application or that Elavon otherwise obtains in connection with the Agreement may be:

(1) Used by Elavon and its Affiliates, third-party contractors, agents, and referral partners (a) to provide the Services and related functions to Company and to respond to any further application for Services, (b) for administrative purposes and to maintain Company's account pursuant to the Agreement, and (c) for Elavon's internal fraud and compliance monitoring;

(2) Disclosed and shared by Elavon for reporting purposes to credit rating agencies and to the financial institution where the DDA is maintained;

(3) Used to enhance or improve Elavon's products or services generally;

(4) Used or disclosed by Elavon in the course of any sale, reorganization or other change to Elavon's business, subject to appropriate confidentiality agreements;

(5) Collected, used and disclosed by Elavon as required by Laws (e.g., for tax reporting or in response to a subpoena); and

(6) Retained for such periods of time as Elavon requires to perform its obligations and exercise its rights under the Agreement.

Elavon may prepare, use, and share with third parties, aggregated, non-personally identifiable information derived from Transaction Information (so long as such information cannot be identified to Company) that is combined with similar information from all or specific segments of Elavon's other customers.

(d) **Elavon Data Breach**. If Elavon suffers an Elavon Data Breach, then it will comply with all Laws and Payment Network Regulations with respect to such Elavon Data Breach, including providing the required reporting and forensic audits to the Payment Networks. Elavon will not pass-through or require Company to be liable to Elavon for any fees, fines, penalties, assessments, or charges levied against Elavon by the Payment Networks in connection with an Elavon Data Breach.

(e) **Company Data Incident**.

(i) **Notice and Investigation**. Company acknowledges that Cardholder Data and bank account information it obtains in connection with any Transaction is the property of the financial institution that issued the Payment Device or holds the Customer's account. Company will notify Elavon within 24 hours (and if notice is given orally, it must be confirmed in writing within the same 24 hour period) if Company knows or suspects that Cardholder Data, Customer information, or Transaction Information has been accessed or used without authorization from Company or systems within Company's control (a "**Data Incident**"). The notice must include:

(1) A detailed written statement about the Data Incident including the contributing circumstances,

(2) The form, number and range of compromised account information,

(3) Specific account numbers compromised, and

(4) Details about the ensuing investigation and Company's security personnel who may be contacted in connection with the Data Incident.

Company will fully cooperate with the Payment Networks and Elavon in the forensic investigation of the Data Incident. Within 72 hours of becoming aware of the Data Incident, Company will engage the services of a data security firm acceptable to the Payment Networks and to Elavon to assess the vulnerability of the compromised data and related systems. Company will provide weekly written status reports to Elavon until the forensic audit is complete. Company will promptly furnish updated lists of potential or known compromised account numbers and other documentation or information that the Payment Networks or Elavon may request. In addition, Company will provide all audit reports to Elavon, and such audits must be completed to the satisfaction of the Payment Networks and of Elavon. If Company fails to supply the forensic audits or other information required by the Payment Networks or by Elavon, Company will allow Elavon to perform or have performed such audits at Company's expense.

(ii) **Preservation of Records**. If there is a Data Incident, Company will take immediate steps to preserve all business records, logs and electronic evidence relating to the Data Incident. Company will cooperate with Elavon to rectify, correct and resolve any issues that may result from the Data Incident, including providing Elavon with (and obtaining any necessary waivers for) all relevant information to verify Company's ability to prevent future data incidents in a manner consistent with the Agreement.

(iii) **Liability for Data Incident**. Without waiving any of Elavon's rights and remedies, Company is liable for all fraudulent transactions related to any Data Incident and all costs Elavon incurs as a result of such Data Incident, including all (i) fees, fines, penalties or assessments by the Payment Networks, (ii) claims from third parties, and (iii) costs related to the notification of Cardholders or Customers, cancellation of Payment Devices (including underlying accounts), re-issuance of Payment Devices (including underlying accounts), forensic investigation, and PCI-DSS review for a report of compliance.

(iv) **Data Incident and Payment Network Audit**. If there is a known or suspected Data Incident, or if required by the Payment Networks, then at Elavon's or any Payment Network's request, Company will obtain at its expense and submit to Elavon a copy of a forensic audit from a qualified incident response assessor of the information security of Company's business. Company acknowledges that the Payment Networks have the right to audit Company's operations to confirm compliance with the Payment Network Regulations.

(v) **Data Breach Reimbursement**. Company may be eligible to receive reimbursement or setoff from amounts owed to Elavon for: (a) any sums reasonably required to conduct an independent security audit of Company to identify the source of the Data Incident, and (b) any fines and assessments levied or collected by the Payment Networks in connection with a Data Incident (collectively, "**Data Breach Reimbursement**"). In order to be eligible to receive Data Breach Reimbursement, Company must be enrolled in Elavon's PCI Compliance Program and be classified as either a Level 3 or Level 4 Company by the Payment Networks. If Company is eligible for Data Breach Reimbursement, except as otherwise provided in the Agreement, the maximum amount of Data Breach Reimbursement available to Company is $50,000.

10. **Audit and Information**.

10.1. **Audit.** Company authorizes Elavon and its agents to perform an audit or inspection of Company's operations and records to confirm Company's compliance with the Agreement upon reasonable advance notice, during normal business hours, and at Elavon's expense (unless Elavon reasonably determines

based on such audit that Company is not in compliance with the Agreement, in which case Company will bear the cost). Company will obtain and submit a copy of an audit from a third party acceptable to Elavon of the financial, physical security, information security, and operational facets of Company's business at its expense when requested by Elavon. Further, Company acknowledges and agrees that the Payment Networks have the right to audit Company's business to confirm compliance with the Payment Network Regulations. Company will maintain complete and accurate records of its performance under the Agreement. Company will execute and deliver to Elavon all documents Elavon reasonably deems necessary to verify Company's compliance with Section 8.1.

10.2. **Company Information**.

(a) **Authorizations**. Company authorizes Elavon to make, from time to time, any business and personal credit or other inquiries it considers necessary to review the Company Application or continue to provide services under the Agreement. Company also authorizes any person or credit reporting agency to compile information to answer those credit inquiries and to furnish that information to Elavon.

(b) **Financial Information**. Upon Elavon's request, Company will provide Elavon financial statements (audited, if available) prepared by an independent certified public accountant selected by Company. Company further agrees to provide to Elavon such other information regarding Company's financial condition as Elavon may request from time to time. Within 120 days after the end of each fiscal year, Company will furnish Elavon, as requested, a financial statement of profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year. Company also will provide Elavon such interim financial statements and other information as Elavon may request from time to time. Notwithstanding the requirements in this section, Company will not be obligated to provide financial statements or similar information required by this section other than those included in Company's filings with the Securities and Exchange Commission so long as Company remains registered and obligated to file financial statements (including annual reports on Form 10-K and quarterly reports on Form 10-Q) pursuant to the Securities Exchange Act of 1934, as amended.

(c) **Beneficial Ownership; Bearer Shares**. Company will promptly notify Elavon of any changes in Company's beneficial ownership structure or if Company has the ability to issue bearer shares.

11. **Proprietary Rights**. As between Elavon and Company, Elavon retains all right, title and interest in and to the Services, Elavon Materials, Updates, and all Intellectual Property Rights in any of the foregoing. Company will not acquire any ownership interest or license rights (except such rights as are expressly stated in the Agreement (including the Operating Guide)) in or to the Services, Elavon Materials, Updates, or Intellectual Property Rights in any of the foregoing. The rights granted to Company under the Agreement are non-exclusive and nothing in the Agreement will limit the ability of Elavon to market, sell, offer for sale, license or otherwise exploit the Services, Elavon Materials, Updates, or Intellectual Property Rights in any of the foregoing to any third parties or to appoint or authorize any other person or entity to do the same.

12. **Representations and Disclaimers**

12.1. **Elavon Representations**. Elavon represents to Company the following as of the effective date:

(a) **Organization**. Elavon is a corporation validly existing and duly organized under the laws of the state of Georgia with all authority, qualifications, licenses and registrations necessary to conduct its business, in all jurisdictions where Elavon conducts business, in compliance with all Laws and Payment Network Regulations.

(b) **Authority and Power**. Elavon has the power to execute and perform the Agreement. The person executing the Agreement is duly authorized to bind Elavon to all provisions of the Agreement and such person is authorized to execute any document and to take any action on Elavon's behalf which may be required to carry out the Agreement. Further, the signing and performing in accordance with the Agreement will not violate any Laws or conflict with any other agreement to

which Elavon is subject.

(c) **No Litigation**. There is no action, suit, or proceeding pending or, to Elavon's knowledge, threatened, which if decided adversely would impair Elavon's ability to carry on its business substantially as now conducted or which would materially and adversely affect Elavon's financial condition or operations.

12.2. **Company Representations**. Company represents to Elavon the following as of the effective date:

(a) **Organization and Information**. Company is validly existing and duly organized under the laws of the jurisdiction in which it was formed with all authority, qualifications, licenses and registrations necessary to conduct its business, in all jurisdictions where Company conducts business, in compliance with all Laws and Payment Network Regulations. All written information provided in the Company Application, the bid process, and enrollment forms, as applicable, and in the assumptions in any document submitted to Elavon is true and complete and properly reflects the business, financial condition and ownership of Company in all material respects.

(b) **Authority and Power**. Company has the power to execute and perform the Agreement. The person executing the Agreement is duly authorized to bind Company and each Affiliated Entity to all provisions of the Agreement as if each Affiliated Entity had executed the Agreement, and such person is authorized to execute any document and to take any action on behalf of Company that Elavon requires to carry out the Agreement. Further, the signing and performing in accordance with the Agreement will not violate any Laws or conflict with any other agreement to which Company is subject.

(c) **No Litigation**. There is no action, suit, or proceeding pending or, to Company's knowledge, threatened, which if decided adversely would impair Company's ability to carry on its business substantially as now conducted or which would materially and adversely affect Company's financial condition or operations.

(d) **Business Use**. Company is obtaining and using the Services from Elavon to facilitate lawful business Transactions between Company and its Customers, and using the DDA only for lawful business purposes.

12.3. **Disclaimer of Warranties**. EXCEPT AS OTHERWISE EXPRESSLY STATED IN THE AGREEMENT, THE SERVICES AND ELAVON MATERIALS ARE PROVIDED "AS IS," AND ELAVON DISCLAIMS ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, REGARDING THE SERVICES, ELAVON MATERIALS, EQUIPMENT, SOFTWARE, DOCUMENTATION, AND COMPANY'S USE OF THIRD PARTY SERVICES, EQUIPMENT, SOFTWARE, OR DATA IN CONNECTION WITH THE SERVICES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, ACCURACY, SATISFACTORY QUALITY, TITLE, SECURITY, NONINFRINGEMENT, UNINTERRUPTED OR ERROR-FREE USE, AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, USAGE OR TRADE.

12.4. **No Viruses, Etc.** Elavon will not code or insert into any portion of the Services, and will use commercially reasonable efforts to ensure that no Service will otherwise contain, any computer virus, worm, software lock, drop dead device, Trojan-horse routine, trap door, time bomb or any other malicious codes or instructions that may be used to access, modify, delete, damage or disable the Services or Company's or any third party's software, firmware, computer system or devices.

13. **Indemnification.** Company will indemnify and defend Elavon, its Affiliates, and their respective employees, officers, directors, and agents against losses, damages, liabilities, fines, judgements and expenses (including all reasonable attorneys' fees) (collectively, "**Losses**") in connection with claims, actions, demands or proceedings (made or threatened) brought by a third-party arising out of (a) any goods or services sold by Company resulting in a Transaction processed under the Agreement; (b) Company's breach of the Agreement; (c) all use

of any user ID and password other than by Elavon or Elavon's third-party contractors; (d) Company's or its Service Providers' gross negligence or willful misconduct; (e) Company's or its Service Providers' violation of Laws or Payment Network Regulations; or (f) any personal injury or real or tangible personal property damage to the extent caused by Company or its Service Providers. Company will not enter into any settlement that imposes any liability or obligation on any of the Elavon indemnified parties, or that contains any admission or acknowledgement of wrongdoing (whether in tort or otherwise), without Elavon's prior written consent. Elavon may join in the defense, with its own counsel, at its own expense.

14. **Limitation of Liability**. Company acknowledges that fees for the Services are very small in relation to the funds conditionally credited to Company for Transactions, and, consequently, Elavon's willingness to provide these Services is based on the liability limitations contained in the Agreement. Therefore, Elavon's aggregate liability for any Losses, regardless of the form of action, arising out of the Agreement or Elavon's performance or non-performance of Services under any theory of law or equity (whether in contract, tort, negligence, strict liability, by statute, or otherwise), will not exceed an amount equal to the fees paid by Company during the three months immediately preceding the event giving rise to the Losses, exclusive of fees and variable costs incurred by Elavon to process Transactions such as interchange costs, assessments, charges, and fees imposed by a third party. In no event will Elavon, Member, or their agents, officers, directors, or employees be liable to Company for indirect, exemplary, punitive, special, or consequential damages in connection with the Agreement under any theory of law or equity (whether in contract, tort, negligence, strict liability, by statute, or otherwise).

15. **Purchased Equipment.** Elavon will ship to Company the Purchased Equipment described in the Company Application or any additional application, setup, or order forms, or any addenda or schedules mutually agreed upon in writing by Elavon and Company for the purchase price stated thereon. Company has no right to cancel an order for Purchased Equipment. Unless otherwise agreed by the parties, Company will be responsible for all shipping costs, insurance, import and export duties and similar taxes and amounts.

16. **Personal Guaranty**. As a primary inducement to Elavon and Member to enter into the Agreement and in consideration of the services and accommodations of any kind given or continued at any time and from time to time by Elavon or Member to or for the benefit of Company, the designated Guarantor(s), jointly and severally, unconditionally and irrevocably, guarantee the continuing full and faithful performance by Company of each of its duties and obligations to Elavon and Member pursuant to the Agreement, as the same may be amended by either of them from time to time, with or without notice. No act or thing, except full payment and discharge of all of Company's duties and obligations to Elavon and Member, which but for this provision could act as a release or impairment of the liability of the Guarantor(s), will in any way release, impair, or affect the liability of the Guarantor(s). The Guarantor(s) waives all defenses of Company pertaining to Company's duties and obligations to Elavon and Member, any evidence thereof, and any security therefore, except the defense of discharge by payment. Guarantor(s) understands further that Elavon or Member may proceed directly against Guarantor(s) without first exhausting their respective remedies against Company or any other person or entity responsible therefore or any security held by Elavon, Member, or Company. The Guarantor(s) waives: (i) notice of acceptance of this Personal Guaranty and of the creation and existence of Company's duties and obligations to Elavon and Member; (ii) presentment, demand for payment, notice of dishonor, notice of non-payment, and protest of any instrument evidencing Company's duties and obligations; (iii) all other demands and notices to the Guarantor(s) or any other person and all other actions to establish the liability of the Guarantor(s); and (iv) **the right to trial by jury in action in connection with this Personal Guaranty.** This Personal Guaranty will not be discharged or affected by the death of the Guarantor(s), will bind all heirs, administrators, representatives, and assigns, and may be enforced by or for the benefit of any successors in interest to Elavon or Member. Guarantor(s) understands that the inducement to Elavon and Member to enter into the Agreement and give or continue services and accommodations of any kind to or for the benefit of Company, is consideration for the Personal Guaranty and that each Personal Guaranty remains in full force and effect even if the Guarantor(s) receives no additional benefit from the Personal Guaranty.

17. **Third-Party Vendors**.

    17.1. **Company Service Providers and Company Resources.**

(a) Company may want to use a Service Provider to assist with Transactions. Company will cause each Service Provider and applicable Company Resource to undergo testing, approval and certification by Elavon before Company uses such Service Provider or applicable Company Resource in connection with accessing or using the Services. Company will ensure that each Service Provider or applicable Company Resource maintains certification and compatibility with the Services and that each Service Provider and applicable Company Resource is fully compliant with all Laws, Payment Network Regulations, and Security Programs. Failure of Company's systems, including Company's point-of-sale system or property management system, or any Service Provider systems to maintain certification under this section or to be compatible and function with the most recent version of the Services will excuse Elavon from all liability and all of its obligations under the Agreement to the extent that Elavon's provision of the Services is impaired by such failure.

(b) Company is responsible for any violations of the Agreement that result from the acts or omissions of Company's Service Providers and any other person who obtains access to Transaction Information from Company or access to systems under Company's or Service Provider's control (excluding acts or omissions to the extent attributable to Elavon's breach of the Agreement, gross negligence, or willful misconduct).

(c) Elavon is not responsible for Service Providers or for the products or services offered by Service Providers, nor is it responsible for any Transaction until Elavon receives complete data for the Transaction in the format required by Elavon.

(d) Elavon may terminate a Service Provider's access to or ability to integrate with Elavon's products, services, and systems immediately if the termination results from:

(i) The Service Provider's breach of any Laws or Payment Network Regulations,

(ii) The requirement of any court order or Payment Network or application of Payment Network Regulations to the Services,

(iii) Elavon's reasonable determination that the Service Provider poses an unacceptable security risk to Elavon, Company or any Payment Network, or

(iv) The Service Provider's failure to maintain certification to Elavon or the expiration or termination of any agreement between Elavon and the Service Provider specific to certification to Elavon with respect to the Services.

17.2. **Liability for Direct Agreement with Third Party**. Elavon has no responsibility for, and will have no liability to Company in connection with, any hardware, software or services Company receives subject to a direct agreement (including any sale, warranty or end-user license agreement) between Company and a third party, including any Service Provider, even if Elavon collects fees or other amounts from Company with respect to such hardware, software or services (and such third party will not be considered a third party contractor of Elavon). Therefore, Company will be responsible and liable for the failure of any such hardware, software, or services (including payment terminals) to comply with Laws, Payment Network Regulations, or this Agreement, or to function correctly.

17.3. **Elavon Third Party Contractors**. Elavon may use third party contractors in connection with the performance of its obligations under the Agreement. Elavon will be responsible for the performance of its obligations hereunder notwithstanding any use of or delegation of any responsibility to any Elavon third-party contractor. Elavon is responsible for any violations of the Agreement that result from the acts or omissions of its third party contractors.

18. **General Provisions**.

18.1. **Entire Agreement**. The Agreement (including the Operating Guide, all appendices, schedules,

attachments, exhibits, addenda and other documents incorporated by reference) and any amendment or supplement to it, constitutes the entire agreement between the parties, and all prior or other agreements, written or oral, are superseded by the Agreement. If a conflict exists between the documents comprising the Agreement, the following order of priority will apply: (i) any schedule or amendment to the Agreement; (ii) the TOS; (iii) the Company Application; (iv) any Company Processing Agreement; (vi) the Operating Guide; and (vii) any Documentation provided to Company in writing by Elavon.

18.2. **Governing Law; Jurisdiction and Venue; Class Action Waiver**. Subject to Section 18.6, (i) the laws of the State of Georgia, without giving effect to its conflict of laws provisions, will govern any claim, controversy or dispute between the Company and Elavon, whether sounding in contract, tort or otherwise, regarding this Agreement or any aspect of any relationship between the parties (each, a "**Claim**"), and (ii) each party submits to the exclusive jurisdiction of the United States District Court for the Northern District of Georgia or the courts of the state of Georgia (Fulton County) (including the Georgia State-wide Business Court), agrees to bring any action, litigation, or proceeding against any other party only in those courts (except for collection actions by Elavon relating to amounts owed by Company under the Agreement), and waives any objection to venue with respect to the actions brought in those courts. All performances and Transactions under the Agreement will be deemed to have occurred in the State of Georgia, and Company's entry into and performance of the Agreement will be deemed to be the transaction of business within the state of Georgia. Any Claim filed in court will be brought on an individual basis only. The parties agree not to participate in any class action, private attorney general action, or other representative action for any Claim filed in court by any party. For clarity, if Elavon is processing Transactions for Company in Canada, the terms of Schedule B, Section 1.6 will apply rather than this Section.

18.3. **Exclusivity**. During the Term, Company will not enter into an agreement with any other entity for services similar to those Services that Company has elected to receive from Elavon under the Agreement without Elavon's written consent.

18.4. **Construction**. The headings used in the Agreement are inserted for convenience only and will not affect the interpretation of any provision. Each provision is to be construed as if the parties drafted it jointly. The word "day" will mean "calendar day", unless specifically stated otherwise.

18.5. **Assignability**. The Agreement may be assigned by Member or Elavon. Company will not assign the Agreement, directly, by operation of law, or by change of control of Company, without Elavon's prior written consent. If Company nevertheless assigns the Agreement without Elavon's consent, the Agreement will be binding on both the assignee and Company. If Company sells its business and the new owners incur Chargebacks, the original owners and all original Guarantors will be held personally liable for all Chargebacks and any other liabilities of the new owners.

18.6. **Arbitration**.

(a) Notwithstanding anything in Section 18.2 to the contrary, any party may elect in writing, and without consent of the others, to arbitrate any Claim. The Claim will be submitted to and decided by arbitration held in the city and state in which the Company maintains its principal place of business and in accordance with the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association (a copy of which can be reviewed at www.adr.org) except that the arbitration proceeding will be conducted before a single, neutral arbitrator who will be an active member of the bar of the state in which the arbitration is conducted and actively engaged in the practice of law for at least 10 years and who will issue a reasoned award. The arbitrator will decide the dispute in accordance with the terms of this Agreement and applicable substantive law, including the Federal Arbitration Act and applicable statutes of limitation. The arbitrator will have the authority to award any remedy or relief that a federal court in the state in which the arbitration is conducted could order or grant, including relief contemplated under Federal Rule of Civil Procedure 11.

(b) At the time of initiating arbitration, the party seeking to initiate arbitration must provide the parties

against whom a Claim is filed with a demand for arbitration that includes a short and plain statement of the claims asserted and relief sought. Federal Rule of Civil Procedure 11 will apply to the arbitration proceeding, including that the Claims and relief sought are neither frivolous nor brought for an improper purpose.

(c) Any Claim filed in arbitration will be brought on an individual basis only, and no class action, private attorney general, or other representative claims may be pursued in arbitration, nor may such action be pursued in court if any party elects arbitration. The arbitrator will have no authority to decide such claims. The arbitrator can only decide Elavon's or the Company's Claims and may not consolidate or join the claims of other persons who may have similar claims. No party to this Agreement may assert a Claim in arbitration on behalf of any third party or represent any class of claimants in an arbitration brought pursuant to the Agreement. If under applicable Law a claim, remedy or request for relief cannot be compelled to arbitration, then that claim, remedy or request for relief will be severed and may be brought in a court of competent jurisdiction under this Agreement after arbitration and all appeals are concluded. The remaining claims, remedies or requests for relief will be submitted to arbitration consistent with the terms of this provision. If this paragraph is determined by the arbitrator to be unenforceable, then this entire provision will be null and void.

(d) While each party will bear its own attorney, expert and witness fees incurred in the arbitration proceeding, absent a contrary determination by the arbitrator as set forth in a reasoned award, Elavon will bear all administrative cost of the arbitration including the arbitrator's fees and will reimburse the Company's filing fee if the Company initiates the arbitration. The parties agree that the underlying agreement between the parties involves interstate commerce and that, notwithstanding the choice of law provision in Section 18.2, any arbitration will be governed by the Federal Arbitration Act. For clarity, if Elavon is processing Transactions for Company in Canada, the terms of Schedule B, Section 1.7 will apply rather than this Section.

(e) Except as this provision otherwise provides, if any part of this provision is deemed to be invalid or otherwise unenforceable by the arbitrator, that part will be severed from the remainder of this provision and the remainder of this provision will be enforced.

18.7. **Notices**. Unless otherwise specified, except for routine operational communications (including account modification, chargeback, and hold notices), which may be delivered personally or transmitted by electronic mail, all notices to the other party will be deemed received upon the earlier of (a) actual receipt, (b) five business days after being deposited in the United States mail (or the Canada Post mail, as applicable), return receipt requested, or (c) two business days after being deposited with a nationally recognized overnight carrier. Such notices will be addressed to Company's address on the Company Application or the last address shown on Elavon's records, or to Elavon at 7300 Chapman Highway, Knoxville, Tennessee 37920, or such other address as Elavon may designate in writing.

18.8. **Bankruptcy**. Company will immediately notify Elavon of any Bankruptcy Proceeding initiated by or against Company. Company will include Elavon on the list and matrix of creditors as filed with the bankruptcy court, whether or not a claim may exist at the time of filing. Company acknowledges that the Agreement constitutes an executory contract or financial accommodations to, or for the benefit of Company, and, as such, cannot be assumed or assigned in the event of Company's bankruptcy. Company will be responsible to Elavon for any damages suffered by, and expenses incurred by, Elavon due to a Company Bankruptcy Proceeding.

18.9. **Attorneys' Fees and Expenses**. Company will be liable for and will indemnify and reimburse Member and Elavon for all reasonable attorneys' fees and other costs and expenses paid or incurred by Member or Elavon: (i) in the enforcement of the Agreement; (ii) in collecting any amounts due from Company to Member or Elavon; (iii) resulting from any breach by Company of the Agreement; or (iv) in defending against any claim, proceeding, or cause of action brought against Elavon or Member arising out of Company's obligations under this Agreement. Except as stated in the previous sentence, each party will pay its own costs and expenses in connection with the Agreement and the transactions contemplated

hereby, including all attorneys' fees, accounting fees and other expenses.

18.10. **Telephone Recording.** For quality assurance and training purposes, Company authorizes Elavon to monitor and record customer service telephone conversations at any time, subject to Laws and applicable disclosures if required.

18.11. **Communication with Company.**

(a) Company agrees that Elavon and Member may provide Company with information about their services, including information about new products and services, by telephone, electronic mail, and facsimile. By providing Elavon with a telephone number for a cellular phone or other wireless device, including a number that Company later converts to a cellular number, Company is expressly consenting to receiving communications — including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system—from Elavon and its affiliates and agents at that number. This express consent applies to each such telephone number that Company provides to Elavon now or in the future and permits such calls for non-marketing purposes. Calls and messages may incur access fees from Company's cellular provider.

(b) Company further authorizes Elavon to provide Company's contact information to American Express, and Company agrees that American Express may use and share such contact information for its business purposes and as permitted by applicable Laws, including to communicate with Company regarding products, services, and resources available to Company's business. Company is expressly consenting to receiving communications, including but not limited to prerecorded or artificial voice message calls, text messages, and calls made by an automatic telephone dialing system from American Express. Consent to American Express's use of contact information for such communication may be withdrawn at any time by contacting our customer service center. Even if consent is withdrawn, Company may still receive messages related to important information about Company's account from American Express.

18.12. **Amendments.** Member and Elavon may propose changes to any term of this Agreement or additions to the Agreement. Member or Elavon will notify Company of a proposed change or addition to the Agreement in writing, electronically, or by any other method permitted by Law. The parties agree that 30 days' written or electronic notice prior to the effective date of any change or addition is reasonable. Company will be deemed to have agreed to the change if Company continues to present Transactions to Member and Elavon after 30 days following the issuance of the notice. Notwithstanding any limitations set forth in the previous sentence, changes to fees authorized by the Agreement will be effective upon notice to Company, unless a later effective date is provided. Further, Elavon is entitled to pass through to Company any fee increases imposed upon Elavon by Visa, Mastercard, Discover Network, any other Payment Network, and any other third party including telecommunications vendors.

18.13. **Severability and Waiver.** If any provision of the Agreement is found to be invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions of the Agreement will not in any way be affected or impaired thereby. None of the failure to exercise, the delay by any party to exercise, or the partial exercise of any right under the Agreement will operate as a waiver or estoppel of such right, nor will such amend the Agreement. All waivers requested by a party must be signed by the waiving party.

18.14. **Independent Contractors.** Elavon and Company will be deemed independent contractors and no one will be considered an agent, joint venturer, or partner of the other, unless and to the extent otherwise specifically stated in the Agreement. The Agreement has been entered into solely for the benefit of the parties to the Agreement and is not intended to create an interest in any third party except where explicitly stated otherwise.

18.15. **Survival.** All of the obligations of each party that by their nature should survive termination or expiration of the Agreement in order to achieve its purposes, including Sections 4, 5.3, 5.4, 7, 9, 11, 13, 14, 16, 17, 18.2, and 18.6 of the TOS, will survive and remain binding upon and for the benefit of the parties.

18.16. **Counterparts; Electronic Delivery.** The Agreement may be signed in one or more counterparts, each of which will constitute an original and all of which, taken together, will constitute one and the same agreement. Signed counterparts may be delivered by fax or electronic means (e.g., .pdf documents via e-mail), and will constitute signed originals.

18.17. **Force Majeure**. Neither party will be considered in default in performance of its obligations to the extent such performance is delayed by Force Majeure affecting such party's ability to perform. A "**Force Majeure**" means an act of God, natural disaster, pandemic, war, act of terrorism, civil disturbance, action by governmental entity, strike, and other cause beyond such party's reasonable control. If a Force Majeure interrupts Elavon's provision of any Services, Company will continue to pay Elavon the fees for the Services owed under the Agreement and Elavon will make all reasonable efforts to restore such Services. If the delay caused by the Force Majeure continues for a more than 14 days, then Company may, upon notice to Elavon, as its sole and exclusive remedy, abate payment to Elavon (to the extent Services are not performed) and terminate the Agreement.

18.18. **Business Continuity**. Elavon will maintain and adhere to business continuity plans that are commercially reasonable within the industry for the Services.

Appendix 1
Definitions

"**ACH**" means Automated Clearing House, the funds transfer system governed by the rules of NACHA. ACH allows financial institutions to clear interbank entries electronically.

"**ACH Rules**" means the NACHA Operating Rules and Operating Guidelines, which govern the interregional exchange and settlement of ACH transactions.

"**Affiliates**" means entities affiliated under the majority ownership or control of, under common ownership or control with, or which own or control, a party.

"**Agreement**" means the TOS, the Company Application, the Operating Guide, the Electronic Check Service Merchant Operating Guide (if applicable), and any other guides or manuals provided to Company from time to time, and all additions to, amendments and modifications of, and all replacements to any of them, as applicable.

"**American Express**" means American Express Travel Related Services Company, Inc. or Amex Bank of Canada, as applicable.

"**Authorized Users**" means Company's employees or contractors designated by Company to access and use the Services.

"**Bankruptcy Proceeding**" means, with respect to an entity, (i) that the entity or any subsidiary of such entity will: (a) commence a voluntary case under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect); (b) file or be subject to a petition seeking to take advantage of any other applicable state or federal laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts or any other similar conservatorship or receivership proceeding instituted or administered by any regulatory agency or body; (c) consent to or fail to contest, in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other applicable laws; (d) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a trustee, receiver, custodian, liquidator, or similar entity of such entity or of all or any substantial part of its assets, domestic or foreign; (e) admit in writing its inability to pay its debts as they become due; (f) make a general assignment for the benefit of creditors; (g) make a conveyance fraudulent as to creditors under any applicable state or federal laws; or (h) take any action for the purpose of effecting any of the foregoing; or (ii) that a case or other proceeding will be commenced against the entity or any subsidiary of such entity in any court of competent jurisdiction, or through any regulatory agency or body, seeking: (x) relief under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect) or under any other applicable laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition, or adjustment of debts; or (y) the appointment of a trustee, receiver, custodian, liquidator or the like of such entity or of all or any substantial part of the assets, domestic or foreign, of such entity or any other similar conservatorship or receivership proceeding instituted or administered by any regulatory agency or body.

"**Canadian Payments Association (CPA)**" means the national association that establishes standards, rules, and procedures and maintains a funds transfer system to enable depository financial institutions to exchange electronic payments.

"**Card Brands**" means (i) Visa; (ii) Mastercard; (iii) American Express; (iv) Discover Network; (v) Diners Club International Ltd.; (vi) JCB International Co., Ltd.; (vii) China UnionPay Co., Ltd; and (viii) any other organization or association that hereafter contracts with Elavon to authorize, capture, and settle Transactions effected with Credit Cards issued or sponsored by such organization or association, and any successor organization or association to any of the foregoing.

"**Cardholder**" means the individual in whose name a Payment Device has been issued and any authorized user of such Payment Device.

"**Cardholder Data**" has the meaning stated in the Payment Card Industry (PCI) Data Security Standard (DSS) and Payment Application Data Security Standard (PA-DSS) Glossary of Terms, Abbreviations, and Acronyms.

"**Chargeback**" means a Transaction disputed by a Cardholder or Issuer pursuant to the Payment Network Regulations.

"**Company**" means the business entity indicated on the Company Application that provides goods or services to Customers, or that accepts payments from Customers.

"**Company Application**" means the Company Application and any additional document containing information regarding Company's business that is submitted to Elavon and Member in connection with Company's request for Services, including any additional location forms and any documents submitted by Company as a part of the bid process, if applicable.

"**Company Resources**" means all equipment, communications devices, databases, services, systems and other resources that Company maintains or operates in Company's or its third party hosting provider's locations and which enable Company to access and use the Services.

"**Confidential Information**" means all data and information, regardless of the form or media, relating to the business of the Disclosing Party of which the Receiving Party becomes aware as a consequence of, or through, the performance of its obligations under the Agreement, which has value to the Disclosing Party and is not generally known by its competitors, which is reasonably identified as confidential at the time of disclosure or which, under the circumstances surrounding disclosure, ought to be reasonably considered as confidential, including technical information, drawings, engineering data, performance specifications, cost and price information (except as provided otherwise in the Agreement), and other information, data and reports, and the terms and conditions of the Agreement. Confidential Information does not include any data or information which (i) is already known to the Receiving Party prior to disclosure by the Disclosing Party; (ii) has become generally known to the public through no wrongful act of the Receiving Party; (iii) has been rightfully received by the Receiving Party from a third party without restriction on disclosure and without, to the knowledge of the Receiving Party, a breach of an obligation of confidentiality running directly or indirectly to the other party; or (iv) is independently developed by the Receiving Party without use, directly or indirectly, of the Confidential Information received from the Disclosing Party. Cardholder Data and Transaction Information are not Confidential Information under this definition, and are addressed in Section 9.2.

"**Credit Card**" means a card or device bearing the symbol of any Card Brand and associated with a revolving line of credit that can be used to purchase goods and services from Company or to pay an amount due to Company or to obtain cash advances.

"**Customer**" means a client of Company who elects to conduct a payment Transaction with Company through presentation of a Payment Device (including a Cardholder) or who participates in Company's Fanfare Loyalty Program (as defined in the Operating Guide).

"**Data Breach Reimbursement**" has the meaning given in Section 9.2(e)(v).

"**DDA (Demand Deposit Account)**" means the commercial checking account at an ACH participating financial institution designated by Company to facilitate payment for Transactions, Chargebacks, returns, adjustments, fees, fines, penalties, assessments and charges from the Payment Networks, and other payments due under the Agreement.

"**Debit Card**" means a card or device bearing the symbol(s) of one or more EFT Networks or Card Brands, which may be used to purchase goods and services from Company or to pay an amount due to Company by an electronic debit to the Cardholder's designated deposit account. A "Debit Card" includes (i) a card or device that bears the symbol of a Card Brand and may be used to conduct signature-based, offline debit Transactions; and (ii) a card or device that bears the symbol of an EFT Network and can be used to conduct PIN-based, online debit Transactions.

"**Disclosing Party**" means the party providing the Confidential Information to the other party directly or indirectly

(via one or more third parties acting on behalf of and at the direction of the party providing its Confidential Information).

"**Discover**" means DFS Services LLC.

"**Discover Network**" means the payment network operated and maintained by Discover.

"**Documentation**" means the Elavon standard written description for the Services, as applicable, that is delivered to Company under the Agreement, including user manuals and best practices guides, as may be amended by Elavon from time to time, but not including marketing materials, proposals, demonstrations or other promotional information.

"**ECS Association**" means NACHA and any regional ACH association or network, the Federal Reserve (in its processing of ACH entries or demand drafts or other legal replacements or substitutes for a paper check, including under the Check Clearing for the 21st Century Act or under applicable provisions of the Uniform Commercial Code), and any other organization or association Elavon uses in connection with the ECS that is hereafter designated as an ECS Association by Elavon from time to time.

"**EFT Networks**" means (i) Interlink Network Inc., Maestro U.S.A., Inc., STAR Networks, Inc., NYCE Payments Network, LLC, PULSE Network LLC, ACCEL/Exchange Network, Alaska Option Services Corporation, Armed Forces Financial Network, Credit Union 24, Inc., NETS, Inc., and SHAZAM, Inc.; and (ii) any other organization or association that hereafter authorizes Elavon or a third party designated by Company to authorize, capture, and settle Transactions effected with Debit Cards, and any successor organization or association to any of the foregoing.

"**Elavon**" means, as applicable, Elavon, Inc., a Georgia corporation, or Elavon Canada Company, a company validly existing and organized in Nova Scotia. Elavon is a registered member service provider of each Member. Elavon may also be referred to as "Servicer" in the Agreement, the Operating Guide or other documents provided to Company in connection with the Services.

"**Elavon Data Breach**" means unauthorized access to, use, disclosure or exfiltration of any Cardholder Data or Transaction Information provided by Company and received by Elavon in connection with Company's use of the Services under the Agreement that (i) originated within data operating systems controlled by Elavon or its third-party contractors, (ii) occurred due to a breach of the Agreement by Elavon, (iii) was not attributable to any act or omission of Company or its Service Providers, and (iv) does not relate to any Company provided data in user defined fields not required by Elavon or used to perform the Services.

"**Elavon Materials**" means the specifications, documentation (including Documentation), application programing interfaces (APIs) and other interfaces, nonpublic or proprietary data import routines, sample code and materials provided to Company to enable Company to perform its obligations or exercise its rights under the Agreement, including integration to the Services.

"**Electronic Commerce Transaction**" means a Transaction that occurs when the Cardholder uses the Internet to make a purchase from a Company.

"**Electronic Gift Card (EGC)**" means a special stored value card provided by or on behalf of Company that is redeemable for merchandise, services or other Transactions.

"**Equipment**" means Purchased Equipment and other devices, equipment and hardware provided to Company under the Agreement.

"**Guarantor**" means a Person that executes a Personal Guaranty for the benefit of Elavon and Member.

"**Intellectual Property Rights**" means worldwide patents, trade secrets, copyrights, trademarks, service marks, trade names, and all other intellectual property rights and proprietary rights, including all rights or causes of action for infringement or misappropriation of any of the foregoing.

"**Issuer**" means the financial institution or other entity that issued the Credit Card or Debit Card to the Cardholder.

"**Laws**" means all applicable local, state, and federal statutes, regulations, ordinances, rules, and other binding law in effect from time to time.

"**Leased Equipment**" means the equipment described in the Company Application or the Agreement with all replacement parts, repairs, additions and accessories included therein or affixed thereto.

"**Mastercard**" means MasterCard International Incorporated.

"**Member**" means a financial institution designated by Elavon that is a principal, sponsoring affiliate or other member of Visa, Mastercard or other member of the applicable Payment Network. Elavon may change the Member at any time and will provide notice to Company of such change.

"**NACHA**" means the National Automated Clearing House Association.

"**Operating Guide**" means Elavon's Operating Guide, located at https://www.mypaymentsinsider.com/api/file/c/Operating_Guide_English (or such other website that Elavon may specify), that prescribes rules and procedures governing Transactions and Company's use of the Services. Elavon may amend the Operating Guide from time to time, which amendments will be effective upon notice to Company.

"**Payment Device**" means any device or method used for the purpose of obtaining credit or debiting a designated account, including a Credit Card, Debit Card, and any other financial transaction device or method, including an Electronic Gift Card, check (whether converted into electronic form or used as a source document for an electronic fund transfer), electronic balance transfer card, stored value card, "smart" card, or other device created to be used for the purpose of obtaining credit or debiting a designated account.

"**Payment Network**" means any Card Brand, EFT Network, ECS Association or automated clearing house association, governmental agency or authority, and any other entity or association that issues or sponsors a Payment Device or PayPal Payment Device (as defined in the Operating Guide) or operates a network on which a Payment Device is processed.

"**Payment Network Regulations**" means the rules, operating regulations, guidelines, specifications and related or similar requirements of any Payment Network.

"**PCI-DSS**" means the Payment Card Industry Data Security Standards.

"**Person**" means any individual, firm, corporation, business trust, partnership, governmental agency or authority, or other entity and will include any successor (by merger or otherwise) of such entity.

"**Personal Guaranty**" means any written guaranty of Company's duties and obligations to Elavon and Member by a Person that is given in connection with the Agreement, including as part of this TOS, the Company Application or any other document signed by the Person in favor of Elavon or Member.

"**POS Device**" means a terminal, software or other point-of-sale device at a Company location that conforms to the requirements established from time to time by Elavon and the applicable Payment Network.

"**Purchased Equipment**" means the devices, equipment and hardware purchased by Company from Elavon under the terms of the Agreement.

"**Receiving Party**" means the party receiving Confidential Information from the other party directly or indirectly (via one or more third parties acting on behalf of and at the direction of the party providing its Confidential Information).

"**Reserve Account**" means the ledger account established by Elavon on its books and records reflecting a contingent payment obligation from Elavon to Company.

"**Security Programs**" means the PCI-DSS, including the Cardholder Information Security Program (CISP) of Visa, the Site Data Protection Program (SDP) of Mastercard, the Data Security DISC Program and the PCI-DSS

regulations of Discover Network, and the security programs of any other Payment Network, and any modifications to, or replacements of, such programs that may occur from time to time.

"**Service Provider**" means any entity that stores, processes, transmits or accesses Cardholder Data or Transaction Information on behalf of Company or that provides software to Company for transaction processing, storage, or transmission, except to the extent such services are performed by the entity in its capacity as a third-party contractor of Elavon performing Elavon's obligations under the Agreement.

"**Services**" means the Payment Device processing services and other related products and services received by Company pursuant to the Agreement.

"**Token**" means a numerical token provided by Elavon in substitution of a Payment Device account number.

"**Transaction**" means any action between Company and a Cardholder or Payment Network that results in transmission of Cardholder Data or Transaction Information (e.g. payment, purchase, refund, return, chargeback, authorization request, settlement submission, transaction inquiry, decryption, conversion to/from Tokens).

"**Transaction Information**" means any data or information resulting from a Transaction. Transaction Information includes payment processing-related transactional information that may be collected or stored by Elavon, including the price paid for products or services, date, time, approval, unique transaction number, store identifier, and Customer bank information relating to a Transaction.

"**Transaction Receipt**" means the paper or electronic record evidencing the purchase of goods or services from, or payment to, a Company by a Cardholder using a Payment Device.

"**Updates**" means all updates, revisions, patches, fixes, new releases, and other improvements or changes to any Services provided to Company under the Agreement.

"**United States**" means the United States of America.

"**Visa**" means Visa U.S.A., Inc.

Schedule A
Equipment Leasing

If Company has elected to lease any Leased Equipment from Elavon d/b/a LADCO Leasing ("**Lessor**"), the following terms and conditions apply to Company as "**Lessee**" of the Leased Equipment the United States or Canada, as applicable:

1. **Equipment Leasing in the United States**.

1.1. **Non-Cancellable Lease. THIS LEASE IS NONCANCELABLE AND AN IRREVOCABLE AGREEMENT. THIS EQUIPMENT LEASE AGREEMENT CANNOT BE CANCELED OR TERMINATED BY COMPANY.** Lessor, its successors and assigns, leases to Lessee and Lessee rents from Lessor the Leased Equipment, on terms and conditions set forth in this Section.

1.2. **No Warranties by Lessor.** Lessee represents that Lessee has selected and approved the Leased Equipment leased hereunder and Lessee acknowledges Lessor has made and makes no representations or warranties of any kind or nature, directly or indirectly, expressed or implied, as to any matter whatsoever, including the suitability of the Leased Equipment, its durability, its condition, or its quality. Lessee leases the Leased Equipment "as-is." Lessor also disclaims any warranty of merchantability or fitness for use or purpose whether arising by operation of law or otherwise. Lessor and Lessor's assignee will not be liable to Lessee or others for any loss, damage or expense of any kind or nature caused directly or indirectly by any Leased Equipment however arising, or the use or maintenance thereof or the failure of operation thereof, or the repairs, service or adjustment thereto. No representation or warranty as to the Leased Equipment or any other matter by the Leased Equipment supplier ("Equipment Vendor") identified in the Company Application, or elsewhere in the Agreement, or others will be binding on the Lessor nor will the breach of such relieve Lessee of, or in any way affect, any of Lessee's obligations to Lessor herein.

If the Leased Equipment is not satisfactory for any reason, Lessee will make any claim on account thereof solely against the Equipment Vendor and Lessee will nevertheless pay Lessor all rent payable under the lease. Lessor agrees to assign to Lessee, solely for the purpose of making and prosecuting any such claim, any rights it may have against the Equipment Vendor for breach of warranty or representation respecting the Leased Equipment.

Regardless of cause, Lessee will not assert any claim whatsoever against Lessor for loss of anticipatory profits or any other indirect, special, or consequential damages. Lessor makes no warranty as to the treatment of the lease for accounting or tax purposes. **NOTWITHSTANDING ANY FEES WHICH MAY BE PAID BY LESSOR TO EQUIPMENT VENDOR OR ANY AGENT OF THE LESSOR, LESSEE UNDERSTANDS AND AGREES THAT NEITHER THE EQUIPMENT VENDOR NOR ANY AGENT OF THE EQUIPMENT VENDOR IS AN AGENT OF LESSOR OR IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THE LEASE.**

1.3. **Authorization for Automatic Withdrawal of Monthly Payments.** Lessee authorizes Lessor, or its designee, successor or assign to withdraw the monthly lease amount and any additional amounts, including any taxes now due or imposed, owed by Lessee in connection with the Leased Equipment, by initiating debit entries to the DDA indicated on the Company Application or the Agreement, or such other DDA as the Lessee may from time to time use. In the event of default of Lessee's obligations hereunder, Lessee authorizes the debit of its DDA for the full amount due under the lease. Lessee agrees to contest transactions that might be invalid within ninety (90) days of the transaction date, or the transaction will be deemed valid. A rental payment (whether paid by debit or other means) that is not honored by Lessee's financial institution for any reason will be subject to a returned item service fee imposed by Lessor, the amount of which may be debited from Lessee's DDA. Should it be necessary to switch to statement billing, Lessor is authorized to add a $10.00 per month service charge to Lessee's monthly payment amount as reimbursement for the added costs, services and processing expenses. If Lessor withdraws funds erroneously from Lessee's DDA, Lessee authorizes Lessor to credit Lessee's DDA for an amount not to exceed the original amount of the debit. This authorization is to remain in full force and effect

until Lessor and Lessee's financial institution have received written notice from Lessee of its termination in such time and in such manner as to afford Lessor and Lessee's financial institution a reasonable opportunity to act. **LESSEE REPRESENTS AND WARRANTS THAT ITS DDA HAS BEEN ESTABLISHED AS A BUSINESS-PURPOSE COMMERCIAL CHECKING ACCOUNT.**

1.4. **Finance Lease.** Lessor and Lessee agree that the lease is a "Finance Lease" as defined by Section 11-2A-103(g) of the Georgia Uniform Commercial Code (the "**GA UCC**"). Lessee acknowledges either (i) that Lessee has reviewed and approved any written "Supply Contract" as defined by GA UCC Section 11-2A-103(y) covering the Leased Equipment purchased from the "Supplier" as defined by GA UCC Section 11-2A-103(x) thereof for lease to Lessee or (ii) that Lessor has informed or advised Lessee, in writing, either previously or by the lease of the following: (1) the identity of the Supplier; (2) that the Lessee may have rights under the Supply Contract; and (3) that the Lessee may contact the Supplier for a description of any such rights Lessee may have under the Supply Contract.

1.5. **Ordering Equipment; Lessor's Right to Terminate.** Lessee requests Lessor to purchase the Leased Equipment from Equipment Vendor and arrange for delivery to Lessee at Lessee's expense. If within forty-five (45) days from the date Lessor orders the Leased Equipment, the same has not been delivered, installed and accepted by Lessee in form satisfactory to Lessor, Lessor may on 10 days written notice to Lessee terminate the lease and its obligations to Lessee.

1.6. **Term and Rent.** The sum of all periodic installments of rent indicated in the Company Application or the Agreement will constitute the aggregate rent reserved under the lease. The lease term will commence as of the date that the lease is accepted by Lessor, (the "Commencement Date"), and will continue until the obligations of the Lessee under the lease will have been fully performed. The installments of rent will be payable monthly in advance as stated above or on a schedule, the first such payment being due on the Commencement Date, or such later date as Lessor designates in writing, and subsequent payments will be due on the same day of each successive month thereafter until the balance of the rent and any additional rent or expenses chargeable to Lessee under the lease will have been paid in full. All payments of rent will be made to Lessor at the address set forth in the Company Application or the Agreement or such other address as Lessor may designate in writing. Lessee's obligation to pay such rentals will be absolute and unconditional and is not subject to any abatement, set-off, defense of counterclaim for any reason whatsoever. Lessee authorizes Lessor to insert into the lease the serial numbers and other identification data of the Leased Equipment when determined by Lessor and dates or other omitted factual matters and to correct any typographical or spelling errors. If a security deposit is indicated in the Company Application, or in any additional application and setup forms, the same will be held by Lessor to secure the faithful performance of the terms of the lease and returned or applied in accordance with Section 1.17(d) below. In addition to the payment of monthly rent, Lessee agrees to pay Lessor an annual fee in an amount not to exceed $50.00 for the administration, billing, reconciliation, and tracking of payments due under the lease, which may generate a profit to Lessor.

1.7. **Assignment. (i) LESSOR MAY ASSIGN OR TRANSFER THE LEASE OR LESSOR'S INTEREST IN THE LEASED EQUIPMENT WITHOUT NOTICE TO LESSEE.** Any assignee of Lessor will have all of the rights, but none of the obligations, of Lessor under the lease and Lessee agrees that it will not assert against any assignee of Lessor any defense, counterclaim or offset that Lessee may have against Lessor. Lessee acknowledges that any assignment or transfer by Lessor will not materially change Lessee's duties or obligations under the lease nor materially increase the burdens or risks imposed on Lessee. Lessee agrees that Lessor may assign or transfer the lease or Lessor's interest in the Leased Equipment even if said assignment or transfer could be deemed to materially affect the interest of Lessee. **(ii) LESSEE WILL NOT ASSIGN OR IN ANY WAY DISPOSE OF ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER THE LEASE OR ENTER INTO ANY SUBLEASE OF ALL OR ANY PART OF THE LEASED EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR.** (iii) Lessee will not create, incur, assume or suffer to exist any mortgage, lien, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Leased Equipment or the lease or any of Lessor's interests thereunder.

1.8. **Title; Quiet Enjoyment**. Lessor will at all times retain title to the Leased Equipment. All documents of

title and evidence of delivery will be delivered to Lessor. Lessee authorizes Lessor, at Lessee's expense, to cause the lease or any statement or other instrument in respect to the lease showing the interest of Lessor in the Leased Equipment including Uniform Commercial Code Financing Statements, to be filed or recorded or refiled and rerecorded, and grants Lessor the right to execute Lessee's name thereto. Lessee agrees to execute and deliver any statement or instrument requested by Lessor for such purpose, and agrees to pay or reimburse Lessor for any filing, recording or stamp fees or taxes arising from the filing or recording of any such instrument or statement. Lessee will at its expense, protect and defend Lessor's title against all persons claiming against or through Lessee, at all times keep the Leased Equipment free from legal process or encumbrance whatsoever and, will give Lessor immediate notice thereof and will indemnify Lessor from any loss caused thereby. Lessee agrees to procure for Lessor, such estoppel certificates, landlord's or mortgagees' waiver or other similar documents as Lessor may reasonably request. Provided Lessee is not in default hereunder, Lessee will quietly use and enjoy the Leased Equipment subject to the terms hereof.

1.9. **Care, Use and Location**. Lessee will maintain the Leased Equipment in good operating condition, repair and appearance, and protect the same from deterioration other than normal wear and tear; will use the Leased Equipment in the regular course of its business, within its normal operating capacity, without abuse, and will comply with all Laws with respect to the use, maintenance and operation of the Leased Equipment; will use the Leased Equipment solely for business purposes; will not make any modification, alteration or addition to the Leased Equipment, without the written consent of Lessor, which will not be unreasonably withheld; will not at any time so affix the Leased Equipment to realty as to change its nature to real equipment or to a fixture regardless of how attached or installed; will keep the Leased Equipment at the location shown in the Company Application or the Agreement, and will not remove the Leased Equipment without written consent of Lessor, which will not be unreasonably withheld.

1.10. **Net Lease; Taxes**. Lessee intends the rental payments hereunder to be net to Lessor, and Lessee agrees to pay all sales, use, excise, personal equipment, stamp, documentary and ad valorem taxes, license and registration fees, assessment, fines, penalties and similar charges imposed on the ownership, possession or use of the Leased Equipment during the term of the lease; will pay all taxes (except Lessor's federal or state net income taxes) imposed on Lessor or Lessee with respect to the rental payments hereunder or the ownership of the Leased Equipment; and, will reimburse Lessor upon demand for any taxes paid by or advanced by Lessor. Lessee agrees that the reimbursement of equipment tax calculation is based on an average tax rate. Unless otherwise agreed to in writing, Lessee will file personal equipment tax returns with respect to the Leased Equipment.

1.11. **Indemnity**. Lessee will indemnify and save Lessor, its agents, servants, successors, and assigns harmless from all liability, damage or loss, including reasonable attorney's fees, arising out of the ownership, selection, possession, leasing, operation, control, use, condition (including but not limited to latent and other defects, whether or not discoverable by Lessee), maintenance, delivery and return of the Leased Equipment. The indemnities and obligations herein provided will continue in full force and effect notwithstanding the termination of the lease.

1.12. **Insurance.** During the term of the lease, Lessee agrees to maintain, at Lessee's expense, (i) "Special Form" property insurance protecting the Leased Equipment for its replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and (ii) public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together, "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the Commencement Date or any subsequent written request. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor deems reasonable to protect Lessor's interests ("Lease Insurance"). Lease Insurance covers the Leased Equipment and the Lessor; it does not name the Lessee as an insured and may not cover all of the Lessee's interest in the Leased Equipment. Lessee agrees to pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include: a premium that may be higher than if the Lessee maintained the Required Insurance separately; a finance charge of up to 1.5% per month on any premium advances made by the Lessor or Lessor's agents; and billing and processing fees; each of which may generate a profit to Lessor and Lessor's agents. Unless Lessee provides satisfactory evidence of Required Insurance by the

Insurance Charge due date, Lessor will pay such Insurance Charge by debiting Lessee's DDA under the withdrawal provision of the lease. Lessor will discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance.

1.13. **Loss or Destruction of Leased Equipment**. Lessee will bear the entire risk and be responsible for loss, theft, damage or destruction of the Leased Equipment from any cause whatsoever after taking possession of the Leased Equipment. Lessee will notify Lessor immediately if the Leased Equipment is lost, destroyed, stolen or taken by any other person. In the event of loss, damage or destruction of any item of Leased Equipment, Lessee at its expense (except to the extent of any proceeds of insurance provided by Lessee which will have been received by Lessor as a result of such loss, damage or destruction), and at Lessor's option, will either (i) repair such item, returning it to its previous condition, unless damaged beyond repair; (ii) pay Lessor all accrued and unpaid rental payments and late charges, plus an amount (the "Loss Amount") equal to (1) the value of all rental payments to become due during the remaining term of the lease, plus (2) the amount of any purchase option or obligation with respect to the Leased Equipment or, if there is no such option or obligation, the fair market value of the Leased Equipment, as estimated by Lessor in its sole reasonable discretion; or (iii) replace such item with a like item acceptable to Lessor, in good condition and of equivalent value, which will become equipment of Lessor, included within the term "Leased Equipment" as used herein, and leased from Lessor herewith for the balance of the full term of the lease.

1.14. **Loss or Destruction Waiver.** Lessor may waive Lessee's responsibility for loss or destruction of the Leased Equipment and for keeping the Leased Equipment fully insured during the lease term (a "Loss or Destruction Waiver"). Should Lessee fail to provide proof of insurance, Lessor may invoke the Loss or Destruction Waiver and charge a monthly fee at current rates established by the Lessors in order that Lessor may fully insure the loss of the Leased Equipment. In the event of loss or destruction of the Leased Equipment, Lessor will provide for its replacement with Leased Equipment of comparable value at that time provided (i) Lessee took reasonable care in preventing the loss or destruction of the Leased Equipment and (ii) Lessee has paid in a timely manner the required monthly amount for the Loss or Destruction Waiver. Lessee will cooperate with Lessor in making any claim with respect to the Leased Equipment.

1.15. **Event of Default**. If any one of the following events (each an "**Event of Default**") will occur, then to the extent permitted by applicable Law, Lessor will have the right to exercise any one or more remedies set forth in Section 1.16 below: (i) Lessee fails to pay any rental or any other payment hereunder when due; (ii) Lessee fails to pay, when due, any indebtedness of Lessee to Lessor arising independently of the lease, and such default will continue for five (5) days; (iii) Lessee fails to perform any of the terms, covenants, or conditions of the lease, other than as provided above, after 10 days' written notice; (iv) Lessee becomes insolvent or makes an assignment for the benefit of creditors; (v) a receiver, trustee, conservator, or liquidator of Lessee, of all or a substantial part of its assets, is appointed with or without the application or consent of Lessee; or (vi) a petition is filed by or against Lessee under the Bankruptcy Code of 1978, as amended, or under any other insolvency law(s), providing for relief of debtors.

1.16. **Remedies**. If an Event of Default will occur, Lessor may, at its option, at any time (i) declare immediately due and payable and recover from Lessee, as liquidated damages for the loss of a bargain and not as a penalty, an amount equal to all accrued and unpaid rental payments and late charges, taxes, and other fees, plus the Loss Amount; provided, however, that if an Event of Default will occur as described in Section 1.15(iv) through (vi) above, Lessor without any notice or action will be deemed to have made such a declaration; (ii) automatically charge the DDA or other bank accounts for all money amounts owed; (iii) to the extent permitted by applicable Law, without demand or legal process, enter into the premises where the Leased Equipment may be found and take possession of and remove the Leased Equipment, without liability for such retaking; (iv) Lessor may hold, sell or otherwise dispose of any such Leased Equipment at a private or public sale; or (v) exercise any other remedies available under applicable Law. If Lessor takes possession of the Leased Equipment, Lessor will give Lessee credit for any sums received by Lessor from the sale or rental of the Leased Equipment after deduction of the expenses of sale or rental and Lessee will remain liable to Lessor for any deficiency. Notwithstanding the foregoing, to the extent any software included with the Leased Equipment is nontransferable or its

transfer restricted, Lessee agrees that nether the Lessor or the licensor of such software will have any duty to remarket or otherwise mitigate any damages relating to such software.

Lessee will also be liable for and will pay to Lessor (i) all expenses incurred by Lessor in connection with the enforcement of any of Lessor's remedies including all collection expenses, that includes, but is not limited to, charges for collection letters and collection calls, charges of collection agencies, sheriffs, etc.; and all expenses of repossessing, storing, shipping, repairing and selling the Leased Equipment; and (ii) reasonable attorney's fees and court costs. Lessor and Lessee acknowledge the difficulty in establishing a value for the unexpired lease term and, owing to such difficulty, agree that the provisions of this Section represent an agreed measure of damages and are not to be deemed a forfeiture or penalty. All remedies of Lessor hereunder are cumulative, are in addition to any other remedies provided for by Law, and may, to the extent permitted by Law, be exercised concurrently or separately. The exercise of any one remedy will not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of the Lessor to exercise and no delay in exercising any right to remedy will operate as a waiver thereof or modify the terms of the lease.

1.17. **END OF LEASE TERM**.

(a) **UPON EXPIRATION OF THE LEASE TERM, LESSEE WILL HAVE THE OPTION TO PURCHASE LEASED EQUIPMENT FOR ITS RESIDUAL FAIR MARKET VALUE OR RETURN THE LEASED EQUIPMENT TO LESSOR.**

(b) **THE EXERCISE OF THIS OPTION MUST BE COMMUNICATED TO LESSOR IN WRITING AT LEAST THIRTY (30) DAYS PRIOR TO THE EXPIRATION OF THE LEASE TERM. THE LEASED EQUIPMENT IS SOLD "AS IS" "WHERE IS" "WITH ALL FAULTS." EXCEPT AS PROVIDED IN THE LEASE, LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED EQUIPMENT PURCHASED.**

(c) **IF LESSEE DOES NOT PURCHASE THE LEASED EQUIPMENT, THEN UPON EXPIRATION OR EARLIER TERMINATION OF THE LEASE, LESSEE WILL RETURN THE LEASED EQUIPMENT TO LESSOR IN GOOD OPERATING CONDITION AND REPAIR, SHIPPED BY PREPAID AND INSURED FREIGHT TO A LOCATION DESIGNATED BY LESSOR. IF, IN THE JUDGMENT OF LESSOR, THE LEASED EQUIPMENT IS RETURNED DAMAGED, INCOMPLETE, OR SHOWS SIGNS OF EXCESSIVE WEAR, LESSEE AGREES TO PAY THE REPLACEMENT COST OR THE REPAIR AND REFURBISHING COST (INCLUDING CLEANING), FOR AN AMOUNT DESIGNATED BY LESSOR AND PAYABLE WITHIN 10 DAYS OF LESSOR'S DEMAND.**

(d) **IF LESSEE DOES NOT ELECT TO PURCHASE OR RETURN THE LEASED EQUIPMENT UPON EXPIRATION OR TERMINATION OF THE LEASE AS PROVIDED HEREIN, THE LEASED EQUIPMENT WILL CONTINUE TO BE HELD AND LEASED HEREUNDER, AND THE LEASE WILL BE EXTENDED FOR A PERIOD OF UP TO 12 MONTHS UPON THE EXISTING TERMS AND CONDITIONS OF THIS LEASE AGREEMENT AND AT THE SAME MONTHLY RENTAL, SUBJECT TO THE RIGHT OF EITHER THE LESSEE OR THE LESSOR TO TERMINATE THE LEASE UPON THIRTY (30) DAYS WRITTEN NOTICE, WHEREUPON THE LESSEE WILL FORTHWITH DELIVER THE LEASED EQUIPMENT TO LESSOR AS SET FORTH IN THIS SECTION. ONCE THE LESSEE HAS FULLY PAID THE ADDITIONAL 12 MONTHS OF EXTENDED LEASE RENTAL, SUCH PAYMENT WILL OPERATE AS PAYMENT OF THE RESIDUAL FAIR MARKET VALUE OF THE EQUIPMENT AND LESSEE WILL BE DEEMED TO HAVE PURCHASED THE LEASED EQUIPMENT.**

(e) **PROVIDED LESSEE HAS FULFILLED ALL OF ITS OBLIGATIONS TO LESSOR HEREUNDER, LESSEE'S SECURITY DEPOSIT OR SECURITY RESERVE, IF ANY, AS**

INDICATED IN THE COMPANY APPLICATION, OR IN ANY ADDITIONAL APPLICATION AND SETUP FORMS, (1) WILL BE REFUNDED TO LESSEE AT THE EXPIRATION OF THE LEASE WITHOUT INTEREST OR (2) AT LESSEE'S DIRECTION, SUCH SECURITY DEPOSIT MAY BE APPLIED TO THE PURCHASE OF THE LEASED EQUIPMENT, IN WHICH EVENT THE LEASED EQUIPMENT NEED NOT BE RETURNED TO LESSOR.

1.18. **Entire Agreement; Changes**. Notwithstanding anything in the TOS to the contrary, the lease terms in this Schedule A contain the entire agreement between the parties regarding the lease and may not be altered, amended, modified, terminated or otherwise changed except in writing and signed by an executive officer of Lessor and by the Lessee.

1.19. **Miscellaneous**. If Lessee fails to pay any rent or other amount required herein to be paid to Lessor within five (5) days of when due, Lessee agrees to pay Lessor, in addition to the payment, a late charge of 15% of the amount past due (but at least $7.50) for each late payment. Each month the past due payment remains unpaid, an additional late fee in the amount defined will be assessed. Payments are applied to late fees and service charges first and then to the lease obligation. Amounts will be payable in addition to all amounts payable by Lessee to Lessor as a result of exercise of any of the remedies herein provided. If Lessee requests any services not provided for herein, Lessee agrees to pay an applicable fee for delivery of such services. Lessee will inform Lessor of any change in Lessee's name, address, billing address, telephone numbers, location of the Leased Equipment, or DDA. If Lessee fails to comply with any provision of the lease, Lessor will have the right, but not be obligated, to affect such compliance on behalf of Lessee upon 10 days prior written notice to Lessee. In such event, all monies expended by, and all expenses of Lessor in effecting such compliance, will be deemed to be additional rental, and will be paid by Lessee at the time of the next monthly payment of rent. All notices under the lease will be sufficient if given personally or mailed postage prepaid to the party intended at the respective address set forth herein, or at such other address as said party may provide in writing from time to time. The lease inures to the benefit of and is binding upon the personal representatives, successors and assigns of the parties hereto. Time is of the essence of the lease. Lessor and Lessee intend the lease to be a valid and subsisting legal instrument, and agree that no provision of the lease that may be deemed unenforceable will in any way invalidate any other provision or provisions of the lease, all of which will remain in full force and effect. The lease will be binding when accepted in writing by Lessor and will be governed by the laws of the State of Georgia, provided however, if the lease or any provision hereof is not enforceable under the laws of the State of Georgia then the laws of the state where the Leased Equipment is located will govern. To the extent the arbitration agreement set forth in Section 18.6 of the TOS, which is incorporated herein, is determined by a court of competent jurisdiction to be inapplicable to a dispute related tin any way to the lease of equipment then, Lessee and Lessor consent and submit to the jurisdiction of the federal and state courts located in the State of Georgia and within Fulton County (the "**Courts**"), and expressly agree to such forum for the bringing of any suit, action or other proceeding arising out of the Lessee's or Lessor's obligations hereunder, and expressly waive any objection to venue in any such Courts. Lessee agrees that any process served for any court action or proceeding will be valid if mailed by certified mail, return receipt requested.

1.20. **Important Information about Credit Reporting.** Lessor may report information about this account to credit bureaus. Late payments, missed payments, or other defaults on this account may be reflected in the credit reports of Lessee and Guarantor.

2. **Equipment Leasing in Canada**.

2.1. **Non-Cancellable Lease.** This lease cannot be cancelled by Lessee during the term hereof except under certain circumstances outlined in the Code of Conduct for the Credit and Debit Card Industry in Canada. Lessor leases to Lessee and Lessee leases from Lessor the Leased Equipment on terms and conditions set forth herein. The parties agree that the lease of the Leased Equipment in the lease is, for all purposes, a financial lease under a financial lease agreement (as such terms are used in the Bank Act (Canada) and the regulations thereunder). Lessee acknowledges acceptance and receipt of the Leased Equipment and certify that the Leased Equipment will be used for business purposes only. **Lessee authorizes any credit**

reporting agency or bureau to furnish to Lessor upon Lessor's request a credit bureau report that relates to Lessee.

2.2. **No Warranties by Lessor**. Lessor has made and makes no representations or warranties of any kind or nature, directly or indirectly, expressed or implied, as to any matter whatsoever, including the suitability of the Leased Equipment, its durability, its condition, or its quality. Lessee leases the Leased Equipment "as-is." Lessor disclaims any warranty of merchantability or fitness for use or purpose whether arising by operation of law or otherwise. Lessor will not be liable to Lessee or others for any loss, damage or expense of any kind or nature caused directly or indirectly by any Leased Equipment however arising, or the use or maintenance thereof or the failure of operation thereof, or the repairs, service or adjustment thereto. No representation or warranty as to the Leased Equipment or any other matter by the supplier of the Leased Equipment (the "Vendor"), the manufacturer or others will be binding on Lessor nor will the breach of such relieve Lessee of, or in any way affect, any of Lessee's obligations to Lessor herein. If the Leased Equipment is not satisfactory for any reason, Lessee will make any claim on account thereof solely against the Vendor or manufacturer, or both, and Lessee will nevertheless perform all of Lessee's obligations under the lease. Lessee will not assert any claim whatsoever against Lessor for any loss whatsoever including without limitation any loss of anticipatory profits or any other indirect, special, or consequential damages. Lessor makes no warranty as to the treatment of the lease for accounting or tax purposes. Neither Vendor nor any agent of Vendor is an agent of Lessor or is authorized to waive or alter any term or condition of the lease.

2.3. **Ordering Leased Equipment; Lessor's Right to Terminate.** Lessee has selected the Leased Equipment and the Vendor and requested that Lessor purchase the Leased Equipment from the Vendor and arrange for delivery to Lessee at Lessee's expense. If within 45 days from the date Lessor orders the Leased Equipment, it has not been delivered, installed and accepted by Lessee in form satisfactory to Lessor, Lessor may on 10 days written notice to Lessee terminate the lease and Lessor's obligations to Lessee.

2.4. **Term and Payments.** The sum of all periodic monthly installment payments indicated herein or on any application will constitute the aggregate payments under the lease. The term of the lease will commence as of the date that the lease is accepted by Lessor (the "Commencement Date"), and will continue until all of Lessee's obligations under the lease have been fully performed. The installment payments will be payable monthly in advance, the first payment being due on the Commencement Date, or such later date as Lessor designates in writing, and subsequent payments will be due on the same day of each successive month thereafter until all of the balance of the payments and any additional payments or expenses payable by Lessee under the lease have been paid in full. All payments will be made to Lessor by pre-authorized debit as contemplated herein or at the address set forth herein or such other address as Lessor may designate in writing. Lessee authorizes Lessor and its agents to withdraw without advance notice to Lessee, which notice Lessee waives, any amounts, including any taxes now due or imposed, owed by Lessee in conjunction with the lease, by initiating periodic debit entries to the DDA all in accordance with and subject to the terms of Schedule B. Upon a Default (as defined below), Lessee authorizes debit of the DDA for the full amount due under the lease. Lessee agrees that any withdrawals authorized above are pre-authorized debits for business purposes, as defined under Rule H1 of the CPA. Lessee represents, warrants and guarantees that all persons whose signatures are required to sign on the DDA have signed the lease and that the DDA is a business purpose account. By providing and delivering this authorization to Lessor, this constitutes delivery to the financial institution that maintains the DDA. A lease payment (whether paid by debit or other means) that is not honored by Lessee's financial institution for any reason will be subject to a returned item service fee in the amount of $20 payable by Lessee to Lessor, the amount of which may be debited from the DDA. Should it be necessary to switch to statement billing from pre-authorized debits, Lessor is authorized to add a $10.00 per month service charge to the monthly payment amount as reimbursement for the added service and processing expenses. Lessee's obligation to make all payments hereunder will be absolute and unconditional and is not subject to any abatement, set-off, compensation, defense or counterclaim for any reason whatsoever. If a security deposit is required, the same will be held by Lessor to secure the faithful performance of the lease and returned or applied in accordance with the terms of the lease. If Lessee fails to make any monthly payment or other amount required herein to be paid to Lessor within five (5) days of when due, Lessee agrees to pay Lessor, in addition to the required payment, a late fee of 15% of the amount past due (but at least $7.50) for each

late payment. Each month the past due payment remains unpaid, an additional late fee will be assessed. Payments are applied to late fees and service charges first and then to payments in respect of lease obligations. These amounts will be payable in addition to all amounts payable by Lessee to Lessor as a result of exercise of any of the remedies herein provided. If Lessee requests and Lessor provides any services not set out herein, Lessee agrees to pay additional applicable fees. In addition to the payment of monthly rent, Lessee agrees to pay Lessor an annual fee in an amount not to exceed $50.00 for the administration, billing, reconciliation, and tracking of payments due under the lease, which may generate a profit to Lessor.

2.5. **Assignment.** (a) Lessor may assign or transfer the lease or Lessor's interest in the Leased Equipment without notice to or consent by Lessee. Any assignee of Lessor will have all of the rights, but none of the obligations, of Lessor under the lease and Lessee agrees that it will not assert against any assignee of Lessor any defense, counterclaim, set-off or compensation that Lessee may have against Lessor, (b) Lessee will not assign all or any part of Lessee's rights or obligations under the lease or enter into any sublease of all or any part of the Leased Equipment without Lessor's prior written consent, (c) Lessee will not create, incur, assume or suffer to exist any security interest, mortgage, lien, pledge, hypothec or other right, encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Leased Equipment or the lease or any of Lessor's interests thereunder.

2.6. **Title; Quiet Enjoyment.** Lessor will at all times retain title to the Leased Equipment. Lessor may at Lessee's expense, cause the lease or any document, statement or other instrument in respect to the lease showing Lessor's interest in the Leased Equipment, including without limitation Personal Property Security Act or Civil Code of Québec financing statements, to be filed, registered or recorded, or refiled, reregistered and rerecorded, as applicable. Lessee waives the right, where permitted by law, to receive a copy of any financing statement, financing change statement or verification statement. Lessee agrees to execute and deliver any document, statement or instrument requested by Lessor for such purpose, and agrees to reimburse Lessor for any expense arising therefrom. Lessee will at Lessee's expense protect and defend Lessor's title against all persons claiming against or through Lessee, at all times keep the Leased Equipment free from legal process or encumbrance whatsoever, and will give Lessor immediate notice thereof and will indemnify Lessor from any loss caused thereby. Lessee agrees to procure for and deliver to Lessor, such estoppel certificates, landlord's or mortgagees' waiver or other similar documents as Lessor may request. Provided Lessee is not in default hereunder, Lessee may quietly use and enjoy the Leased Equipment subject to the terms hereof.

2.7. **Care, Use and Location.** Lessee will maintain the Leased Equipment in good operating condition, repair and appearance, and protect the same from deterioration other than normal wear and tear; will use the Leased Equipment in the regular course of Lessee's business, within its normal operating capacity, without abuse, and will comply with all laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Leased Equipment; will use the Leased Equipment solely for business purposes; will not make any modification, alteration or addition to the Leased Equipment without Lessor's prior written consent; will not affix the Leased Equipment to real or immovable property as to change its nature to a fixture; will keep the Leased Equipment at the location(s) to which Lessor has agreed, and will not move the Leased Equipment from such location(s) without Lessor's prior written consent. Under no circumstances does Lessor have any responsibility to install, promote, service, clean, maintain or repair the Leased Equipment, all of which is Lessee's responsibility.

2.8. **Net Lease; Taxes.** Lessee intends the monthly payments hereunder to be net to Lessor, and Lessee agrees to pay all provincial, territorial and federal sales, goods and services, harmonized, use, excise, stamp, documentary and ad valorem taxes, license and registration fees, assessments, fines, penalties and similar charges imposed on the lease, possession or use of the Leased Equipment during the term of the lease; Lessee will pay all taxes (except Lessor's net capital and income taxes) imposed on Lessor or Lessee with respect to the payments hereunder or the lease of the Leased Equipment; and, will reimburse Lessor upon demand for any taxes paid by or advanced by Lessor. Lessor is entitled to the tax benefits available to an owner of the Leased Equipment, including without limitation, the right to claim tax depreciation, capital cost allowance or other deductions in respect of the capital cost thereof, investment tax credits and deductions for interest incurred by Lessor to finance the purchase of the Leased Equipment, and Lessee

will not take any tax filing position inconsistent with the foregoing.

2.9. **Indemnity.** Lessee will indemnify and save Lessor, Lessor's agents, servants, successors and assigns harmless from all liability, damage or loss, including without limitation reasonable legal fees, arising out of the ownership, selection, possession, leasing, operation, control, use, condition (including but not limited to latent and other defects, whether or not discoverable by Lessee), maintenance, delivery and return of the Leased Equipment. The indemnities and obligations herein provided will continue in full force and effect notwithstanding the termination of the lease.

2.10. **Insurance.** Lessee will keep the Leased Equipment insured against all risks of loss or damage from any cause whatsoever for not less than the full replacement value thereof. The amount of such insurance will be sufficient so that neither Lessor nor Lessee will be considered a co-insurer. Lessee will carry public liability insurance, both personal injury and equipment damage, covering the Leased Equipment. All such insurance will be in form and with insurers satisfactory to Lessor, and will name Lessor and any assignee as first loss payee as its interest may appear with respect to equipment damage coverage and as additional insured with respect to public liability coverage. Lessee will pay the premiums for such insurance and upon request deliver to Lessor satisfactory evidence of insurance coverage required hereunder. The proceeds of such insurance payable, as a result of loss or damage to any item of Leased Equipment, will be applied to satisfy Lessee's obligation as set forth in Section 2.11 below. Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact, to make a claim for, receive payment of and execute and endorse all documents, cheques or drafts, received in payment for loss or damage under any such insurance policy. This appointment is coupled with an interest and is irrevocable.

2.11. **Loss or Destruction of Leased Equipment.** Lessee will notify Lessor immediately and will bear the entire risk and be responsible for loss, theft, damage or destruction of the Leased Equipment from any cause whatsoever after taking possession of the Leased Equipment. In such event, Lessee will at Lessee's expense (except to the extent of any proceeds of insurance provided by Lessee which will have been received by Lessor as a result thereof), and at Lessor's option, will either (a) repair such item, returning it to its previous condition, unless damaged beyond repair; or (b) pay Lessor all accrued and unpaid monthly payments and late charges payable hereunder, plus an amount (the "Loss Amount") equal to (i) the value of all monthly payments to become due during the remaining term of the lease, plus (ii) the amount of any purchase option or obligation with respect to the Leased Equipment or, if there is no such option or obligation, the fair market value of the Leased Equipment, as estimated by Lessor in Lessor's sole reasonable discretion; or (c) replace such item with a like item acceptable to Lessor, in good condition and of equivalent value, which will be and become Lessor's property, will be included within the term "Leased Equipment" as used herein and will be leased from Lessor herewith for the balance of the full term of the lease.

2.12. **Loss or Destruction Waiver.** Lessor may in Lessor's sole and absolute discretion waive Lessee's responsibility for loss or destruction of the Leased Equipment and for keeping the Leased Equipment fully insured during the lease term (a "Loss or Destruction Waiver"). Should Lessee fail to provide proof of insurance, Lessor may invoke the Loss or Destruction Waiver and charge a monthly fee of $4.95 in order that Lessor may fully insure the Leased Equipment. In the event of loss or destruction of the Leased Equipment, Lessor will provide for its replacement with Leased Equipment of comparable value at that time, provided (i) Lessee took reasonable care in preventing the loss or destruction of the Leased Equipment and (ii) Lessee has paid in a timely manner the required monthly fee for the Loss or Destruction Waiver. Lessee will cooperate with Lessor in making any claim with respect to the Leased Equipment.

2.13. **Default.** If any one of the following events (each a "Default") will occur, then to the extent permitted by applicable law, Lessor will have the right to exercise any one or more remedies set forth herein: (i) Lessee fails to pay any payments hereunder, monthly or otherwise, when due; or (ii) Lessee fails to pay, when due, any indebtedness owed to Lessor or any of Lessor's affiliates arising independently of the lease, and such default will continue for five (5) days; or (iii) Lessee fails to perform any of the terms, covenants, or conditions of the lease, other than as provided above, after 10 days written notice; or (iv) Lessee becomes insolvent or make an assignment for the benefit of creditors; or (v) a receiver, trustee or liquidator of

Lessee or of all or a substantial part of Lessee's assets are appointed with or without Lessee's application or consent; or (vi) an application for a bankruptcy order is filed, or any other proceedings are commenced by or against Lessee, or Guarantor, under the Bankruptcy and Insolvency Act (Canada), or under any other bankruptcy, arrangement, dissolution, liquidation or insolvency law(s) providing for relief of debtors.

2.14. **Remedies.** If a Default will occur, Lessor may, at Lessor's option, at any time (i) declare immediately due and payable and recover from Lessee, as liquidated damages for the loss of a bargain and not as a penalty, an amount equal to all accrued and unpaid installment payments and late charges, taxes, and other fees, plus the Loss Amount; provided, however, that if a Default will occur as described in any of Sections 2.13(iv) through (vi) above, Lessor without any notice or action will be deemed to have made such a declaration; (ii) automatically charge any or all of Lessee's credit cards or accounts, other lines-of-credit or the DDA or other bank accounts for all money amounts owed; (iii) to the extent permitted by applicable Law, without demand or legal process, enter into the premises where the Leased Equipment may be found and take possession of and remove the Leased Equipment, without liability for such retaking; (iv) hold, sell or otherwise dispose of any such Leased Equipment at a private or public sale; or (v) exercise any other remedies available under applicable Law. If Lessor takes possession of the Leased Equipment, Lessor will give Lessee credit for any sums received by Lessor from the sale or rental of the Equipment after deduction of the expenses of sale or other disposition and Lessee will remain liable to Lessor for any deficiency. Notwithstanding the foregoing, to the extent any software forming part of the Leased Equipment is nontransferable or its transfer restricted, Lessee agrees that Lessor and the licensor of such software will have no duty to remarket such software or otherwise mitigate any damages relating to such software. Lessee will also be liable for and will pay to Lessor (i) all expenses incurred by Lessor in connection with the enforcement of any of Lessor's remedies including without limitation all collection expenses, that includes, but is not limited to, charges for collection letters and collection calls, charges of collection agencies, sheriffs, etc.; and all expenses of repossessing, storing, shipping, repairing and selling the Leased Equipment; and (ii) reasonable legal fees and court costs. Lessee and Lessor acknowledge the difficulty in establishing a value for the unexpired lease term and, owing to such difficulty, agree that the provisions of this paragraph represent an agreed measure of damages and are not to be deemed a forfeiture or penalty. All of Lessor's remedies hereunder are cumulative, are in addition to any other remedies provided for by law, and may, to the extent permitted by law, be exercised concurrently or separately. The exercise of any one remedy will not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on Lessor's part to exercise and no delay in exercising any right to remedy will operate as a waiver thereof or modify the terms of the lease.

2.15. **END OF LEASE TERM.**

(a) **UPON EXPIRATION OF THE LEASE TERM, LESSEE WILL HAVE THE OPTION TO PURCHASE THE LEASED EQUIPMENT BASED UPON THE ORIGINAL CUSTOMER APPLICATION OR STAND-ALONE LEASE. OPTIONS MAY INCLUDE $1, $10, OR AN AMOUNT EQUAL TO 10% OF THE AGGREGATE LEASE PAYMENTS ON 12 MONTH, 24 MONTH, 36 MONTH, OR 48 MONTH LEASES. WRITTEN NOTICE OF THE EXERCISE OF THIS OPTION MUST BE SENT TO LESSOR AT LEAST THIRTY (30) DAYS PRIOR TO EXPIRATION OF THE LEASE TERM;**

(b) **IF LESSEE DOES NOT ELECT TO PURCHASE THE LEASED EQUIPMENT, THEN UPON EXPIRATION OR EARLIER TERMINATION OF THE LEASE, LESSEE WILL RETURN THE LEASED EQUIPMENT TO LESSOR IN GOOD OPERATING CONDITION AND REPAIR, SHIPPED BY PREPAID AND INSURED FREIGHT TO A LOCATION DESIGNATED BY LESSOR. IF THE LEASED EQUIPMENT IS RETURNED DAMAGED, INCOMPLETE OR SHOWS SIGNS OF EXCESSIVE WEAR, LESSEE AGREES TO PAY THE REPLACEMENT COST OR THE REPAIR, REFURBISHING AND CLEANING COST IN AN AMOUNT DESIGNATED BY LESSOR WHICH IS PAYABLE WITHIN 10 DAYS OF LESSOR'S DEMAND;**

(c) **IF LESSEE DOES NOT ELECT TO PURCHASE OR RETURN THE LEASED**

EQUIPMENT AS PROVIDED IN (I) OR (II) ABOVE, THE LEASED EQUIPMENT WILL CONTINUE TO BE HELD AND LEASED HEREUNDER AND THE LEASE WILL BE EXTENDED UP TO 12 MONTHS AT THE THEN CURRENT MONTHLY PAYMENT. UPON NOTICE FROM LESSOR TO LESSEE, LESSEE WILL BE DEEMED TO HAVE PURCHASED THE LEASED EQUIPMENT FROM LESSOR ON AN "AS IS, WHERE IS" BASIS, SUBJECT TO THE RIGHT OF EITHER LESSEE OR LESSOR TO TERMINATE THE LEASE UPON THIRTY (30) DAYS WRITTEN NOTICE, WHEREUPON LESSEE WILL DELIVER THE LEASED EQUIPMENT TO LESSOR AS SET FORTH IN THIS PARAGRAPH;

(d) **PROVIDED LESSEE HAS FULFILLED ALL OF LESSEE'S OBLIGATIONS HEREUNDER, LESSEE'S SECURITY DEPOSIT, IF ANY, (1) WILL BE REFUNDED AT THE EXPIRATION OF THE LEASE WITHOUT INTEREST OR (2) AT LESSEE'S DIRECTION, SUCH SECURITY DEPOSIT MAY BE APPLIED TO THE PURCHASE OF THE LEASED EQUIPMENT BY LESSEE.**

2.16. **Privacy.** Each of Lessee and Guarantor consents and agrees that Lessor may (i) collect and use any personal information provided by Lessee or Guarantor or obtained under any provision of the lease for the purpose of furthering the objects of the lease and to respond to any further application for services by Lessee; (ii) **use such information to conduct credit checks from time to time with credit bureaus**; (iii) disclose such information and any information regarding late payments, missed payments or Defaults hereunder to Lessor's affiliates and third party service providers, payment networks, credit bureaus or agencies, financial institutions and similar parties for the purposes stated herein; (iv) use such information to investigate potentially fraudulent or questionable activities regarding the Leased Equipment or services for which the Leased Equipment is used; (v) use or disclose such information in the course of any actual or potential sale, reorganization, amalgamation or other change to Lessor's business or assignment under Section 2.5 above; (vi) collect, use and disclose such information when required or permitted by applicable law, regulation or legal process; and (vii) retain all such information for such periods of time as required by Lessor to perform Lessor's obligations and exercise Lessor's rights under the lease.

2.17. **Miscellaneous.** Lessee will inform Lessor of any change in Lessee's name, address, billing address, telephone numbers, location of the Leased Equipment, or the DDA. If Lessee fails to comply with any provision of the lease, Lessor will have the right, but not be obligated, to effect such compliance on Lessee's behalf upon 10 days prior written notice to Lessee. In such event, all monies expended by Lessor and all Lessor's expenses in effecting such compliance, will be deemed to be additional obligations hereunder, and will be paid by Lessee at the time of the next monthly payment hereunder. All notices under the lease will be sufficient if given personally or mailed postage prepaid to the party intended at the respective address set forth herein, or at such other address as said party may provide in writing from time to time. The lease inures to the benefit of and is binding upon the personal representatives, successors, heirs and assigns of the parties hereto. Time is of the essence of the lease. Lessee and Lessor intend the lease to be a valid and subsisting legal instrument, and agree that no provision of the lease that may be deemed unenforceable in any jurisdiction will in any way invalidate any other provision or provisions of the lease in that jurisdiction, all of which will remain in full force and effect. References to any legislation, statutory instrument, regulation, rule or a section thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation, rule or section as amended, restated or re-enacted from time to time. The lease and the personal guarantee set forth herein will be binding on Lessee and Guarantor when accepted in writing by Lessor and will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable in such Province, except if the Leased Equipment is situated in the Province of Québec, in which case the lease will be governed by the laws of the Province of Québec and the federal laws of Canada applicable in such Province. The limitation period in the lease is extended to the greater of six years or any longer period permitted by applicable law. For greater certainty, each of the parties hereto acknowledges that the lease is a "business agreement" as defined under Section 22 of the Limitations Act, 2002 (Ontario).

Schedule B
Provisions Applicable to Acceptance of Transactions in Canada

1. **The following provisions supersede the referenced provisions of the Agreement for purposes of Transactions in Canada:**

   1.1. **Section 3.3. Member Responsibilities**. Member will facilitate ACH Transactions and comply with all ACH Rules as applicable to Member in providing Services under this Agreement. Member will have no liability to Company under this Agreement.

   1.2. **Section 4.3(b). Recoupment and Set-Off.** Company acknowledges that in the event of a Bankruptcy Proceeding, in order for Company to provide adequate protection under applicable Laws to Elavon and in order to ensure that Elavon does not and is not obliged to advance credit to Company, Elavon may create a Reserve Account or Company will create or maintain the Reserve Account as required by Elavon and Elavon will have the right to offset against the Reserve Account for all obligations Company may owe to Elavon, without regard to whether the obligations relate to Transactions initiated or processed before or after the filing of the application, petition, motion, request for stay or other proceeding in connection with a Bankruptcy Proceeding.

   1.3. **Section 8.2. Office of Foreign Assets Control Compliance**. Intentionally Omitted.

   1.4. **Section 8.3. Export Laws Compliance**. Company will comply with all Canadian export Laws, including the list and guide maintained by the Trade and Export Controls Bureau of Global Affairs Canada, the *Corruption of Foreign Public Officials Act* (Canada) and OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, governing the export and re-export of hardware, software or technology applicable to the Services and Equipment. Company will not, and will not request Elavon to, export, directly or indirectly, any technical data pursuant to the Agreement or any product using any such data to any country for which the Canadian government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval.

   1.5. **Section 16. Personal Guaranty**. As a primary inducement to Elavon and Member to enter into the Agreement and in consideration of the services and accommodations of any kind given or continued at any time and from time to time by Elavon or Member to or for the benefit of Company, the designated Guarantor(s), jointly and severally, and in Quebec solidarily, unconditionally and irrevocably, guarantee the continuing full and faithful payment and performance by Company of all duties, debts, liabilities and obligations of Company to Elavon or Member, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by Company to Elavon or Member in any currency, and wherever incurred, and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by Company to Elavon or Member in any currency pursuant to the Agreement, as the same may be amended by either of them from time to time, with or without notice (collectively, the "Obligations"). The Guarantor(s) also unconditionally agrees that, if Company does not unconditionally and irrevocably pay any Obligations when due and those Obligations are not recoverable from the Guarantor(s) for any reason under the guarantee set forth above, the Guarantor(s) will indemnify Elavon and Member immediately on demand against any cost, loss, damage, expense or liability suffered by Elavon or Member as a result of Company's failure to do so. The liability of the Guarantor(s) hereunder is unlimited. No act or thing, except the indefeasible and full payment and discharge in cash of all of the Obligations, which but for this provision could act as a release or impairment of the liability of the Guarantor(s), will in any way release, impair, or affect the liability of the Guarantor(s). The Guarantor(s) waives all defenses of Company pertaining to the Obligations, any evidence thereof, and any security therefore, except the defense of discharge of the Obligations by full and indefeasible payment in cash. Guarantor's(s') liability to pay or perform the Obligations will arise immediately after demand has been made in writing on Guarantor(s). Guarantor(s) understands further that Elavon or Member may proceed directly against Guarantor(s) without first exhausting their respective remedies against Company or any other person or entity responsible therefore or any security

held by Elavon, Member, or Company. The Guarantor(s) waives: (i) notice of acceptance of this Personal Guarantee and of the creation and existence of the Obligations; (ii) presentment, demand for payment, notice of dishonor, notice of non-payment, and protest of any instrument evidencing the Obligations; (iii) all other demands and notices to the Guarantor(s) or any other person and all other actions to establish the liability of the Guarantor(s); (iv) without limiting in any way any other waivers of defenses set out herein, all defenses available at equity or common law to the fullest extent permitted under applicable law; and (v) **the right to trial by jury in action in connection with this Personal Guarantee.** Guarantor(s) agrees that this is a continuing guarantee and that Guarantor's(s') liability under this Personal Guarantee will not be discharged, affected or released by: (a) any variation, renewal, extension or replacement of the Agreement, other agreements or any security (including any other guarantees) held by Elavon or Member; (b) any extension of time or other indulgence given to Company or others under the Agreement or any security; (c) any delay or refusal by Elavon to require or enforce payment of the Obligations or any security; (d) the taking, non-perfecting, or giving up of any security or by any dealings with Company or others respecting the Obligations, the Agreement or any security; (e) the death or legal incapacity of the Guarantor(s) or the dissolution, amalgamation, other fundamental change, death or legal incapacity, as the case may be, of Company; or (f) any event which results in Company not being under a legal obligation to make any payment or perform any obligation under the Agreement. Guarantor(s) renounces the benefit of discussion and division. This Personal Guarantee will bind all heirs, administrators, estate trustees, representatives, permitted successors, and assigns of Guarantor(s), and may be enforced by or for the benefit of any successors in interest to Elavon or Member. Guarantor(s) understands that the inducement to Elavon and Member to enter into the Agreement and give or continue services and accommodations of any kind to or for the benefit of Company, is consideration for the Personal Guarantee and that each Personal Guarantee remains in full force and effect even if the Guarantor(s) receives no additional benefit from the Personal Guarantee. **Guarantor authorizes any credit reporting agency or bureau to furnish Elavon and Member upon request with a credit bureau report that relates to the Guarantor.** To the extent that any limitation period applies to any claim for payment of obligations or remedy for enforcement of obligations under this Personal Guarantee, each Guarantor agrees that: (a) any limitation period is expressly excluded and waived entirely if permitted by applicable law; (b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law; (c) any limitation period applying to this Personal Guarantee expressed to be payable on demand will not begin before an express demand for payment of the relevant obligations is made in writing by Elavon or Member to the Guarantor; (d) any applicable limitation period will begin afresh upon any payment or other acknowledgment by the Guarantor of its obligations; and (e) each of this Personal Guarantee and the Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies to it. This Personal Guarantee has been negotiated by the Guarantor or reviewed by the Guarantor with the benefit of independent legal counsel and any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply to the construction or interpretation of this Personal Guarantee.

1.6. **Section 18.2. Governing Law; Jurisdiction and Venue; Class Action Waiver.** To the maximum extent permitted by Law, and subject to Section 18.6, any claim, controversy or dispute between the Company and Elavon, whether sounding in contract, tort or otherwise, regarding this Agreement or any aspect of any relationship between the parties (each, a "**Claim**") will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario, without giving effect to the choice of law rules of the Province of Ontario, except for a hypothec created pursuant to Section 4.1(a) (the "**Québec Hypothec**") which will be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable in the Province of Québec. To the maximum extent permitted by Law, subject to Section 18.6, each party submits to the exclusive jurisdiction of the courts of the Province of Ontario located in Toronto, Ontario (and the courts of the Province of Québec located in Montreal, Québec with respect to the Québec Hypothec), and agrees to bring any action, litigation, or proceeding against any other party only in those courts (except for collection actions by Elavon relating to amounts owed under the Agreement), and waives any objection to venue with respect to the actions brought in those courts. The parties agree that all performances and Transactions in Canada will be deemed to have occurred in the Province of Ontario and that Company's entry into and performance of the Agreement will be deemed to be the transaction of

business within the Province of Ontario. Any Claim filed in court will be brought on an individual basis only. Elavon and Company waive all right to trial by jury in any action or proceeding relating to the Agreement. Elavon and Company each represents to the other that this waiver is knowingly, willingly and voluntarily given. The parties agree not to participate in any class action, collective action or other representative action for any Claim filed in court by any party.

1.7. **Section 18.6. Arbitration**.

(a) Notwithstanding anything in Section 18.2 to the contrary, any party may elect in writing, and without consent of the others, to arbitrate any Claim. The Claim will be submitted to and decided by arbitration administered by the Alternative Dispute Resolution of Canada Inc. held in Toronto, Ontario and in accordance with the ADRIC Arbitration Rules (a copy of which can be reviewed at http://adric.ca/arbrules/), except that the arbitration proceeding will be conducted before a single, neutral arbitrator who will be an active member of the bar of the province of Ontario and actively engaged in the practice of law for at least 10 years and who will issue a reasoned award. The language of the arbitration will be English. The arbitrator will decide the dispute in accordance with the terms of this Agreement and applicable Law. The arbitrator will have the authority to award any remedy or relief that a provincial court in the province of Ontario could order or grant.

(b) At the time of initiating arbitration, the party seeking to initiate arbitration must provide the parties against whom a Claim is filed with a demand for arbitration that includes a short and plain statement of the claims asserted and relief sought.

(c) Any Claim filed in arbitration will be brought on an individual basis only, and no class action, collective action or other representative actions may be pursued in arbitration, nor may such action be pursued in court if any party elects arbitration. The arbitrator will have no authority to decide such claims. The arbitrator can only decide Elavon's or the Company's Claims and may not consolidate or join the claims of other persons who may have similar claims. No party to this Agreement may assert a Claim in arbitration on behalf of any third party or represent any class of claimants in an arbitration brought pursuant to the Agreement. If under applicable Law a claim, remedy or request for relief cannot be compelled to arbitration, then that claim, remedy or request for relief will be severed and may be brought in a court of competent jurisdiction pursuant to Section 18.2 after arbitration and all appeals are concluded. The remaining claims, remedies or requests for relief will be submitted to arbitration consistent with the terms of this provision. If this paragraph is determined by the arbitrator to be unenforceable, then this entire provision will be null and void.

(d) While each party will bear its own legal, expert and witness fees incurred in the arbitration proceeding, absent a contrary determination by the arbitrator as set forth in a reasoned award, Elavon will bear all administrative cost of the arbitration including the arbitrator's fees and will reimburse the Company's filing fee if the Company initiates the arbitration.

(e) Except as this provision otherwise provides, if any part of this provision is deemed to be invalid or otherwise unenforceable by the arbitrator, that part will be severed from the remainder of this provision and the remainder of this provision will be enforced.

1.8. **Section 18.8 Bankruptcy**. Company will immediately notify Elavon of any Bankruptcy Proceeding, receivership, insolvency, or similar action or proceeding initiated by or against Company or any of its principals. Company will include Elavon on the list and matrix of creditors as filed with any bankruptcy, commercial or civil court, whether or not a claim may exist at the time of filing. Failure to do so will be cause for immediate termination of the Agreement and will allow the pursuit of any other action available to Elavon under applicable Payment Network Regulations or Laws. Company agrees that the Agreement is a contract for the advance of credit to Company within the meaning of Section 11.01(b) of the *Companies' Creditors Arrangement Act* (Canada) and within the meaning of Section 65.1(4)(b) of the *Bankruptcy and Insolvency Act* (Canada) and cannot be assigned by Company in the event of a Bankruptcy Proceeding relating to Company. Company acknowledges but that for the agreement in the

immediately preceding sentence, Member and Elavon would not have entered into the Agreement.

1.9. **Section 18.12. Amendments.** Member and Elavon may propose amendments or additions to the Agreement. Member or Elavon will inform Company of a proposed change in a periodic statement or other notice. Company will be deemed to have agreed to the change if Company continues to present Transactions to Member and Elavon after thirty (30) days following the issuance of the notice. Notwithstanding the previous sentence, changes to fees authorized by the Agreement will be effective upon notice to Company, unless a later effective date is provided; provided, that, with respect to Credit Card and Debit Card Transactions, changes to fees or the introduction of new fees authorized by the Agreement will be effective upon ninety (90) days' notice to Company, unless a later effective date is provided. Further, Elavon is entitled to pass through to Company any fee increases imposed upon Elavon by Visa, Mastercard, Discover Network, any other Payment Network, and any other third party including telecommunications vendors; provided, that, with respect to Credit Card and Debit Card Transactions, any such fee increases will be effective upon ninety (90) days' notice to Company.

2. **The following provisions apply to Company's acceptance of Transactions in Canada in addition to the provisions of the Agreement:**

2.1. **Pre-Authorized Debits (PADs).** Company authorizes Elavon, and its vendors and agents to initiate debit and credit entries to the DDA, the Reserve Account, or any other account maintained by Company at any institution that is a member of Payments Canada, all in accordance with the Agreement, including those stated to be made by way of ACH. Company agrees that any withdrawal by Elavon and its respective vendors and agents in accordance with the Agreement are PADs for business purposes, as defined under Rule H1 of Payments Canada. **Company waives the right to receive advance notice from Elavon and its respective vendors and agents of all such debits.** This authorization will remain in effect after termination of the Agreement and until all of Company's obligations to Elavon have been paid in full. If Company changes the DDA, this PAD authorization will apply to the new account and Company will provide Elavon in writing such information regarding the new DDA as it deems necessary. It may take Elavon up to 10 business days after Elavon's receipt of a written notice from Company to reflect in its system any change to Company's DDA. If Company changes the DDA, Company agrees that it is responsible for all costs Elavon incurs in connection with Company's decision to change the DDA. Company may revoke the PAD authorization upon 30 days' prior written notice to Elavon, but any such revocation will constitute a material breach of the Agreement. Company may obtain a sample cancellation form, as well as further information on Company's right to cancel a PAD authorization by contacting Company's financial institution or by visiting www.payments.ca. Company has certain recourse rights if any debit does not comply with the Agreement. For example, Company has the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on Company's recourse rights, Company may contact its financial institution or visit www.payments.ca.

2.2. **Security Agreement.** The following sentence is added to the end of Section 4.1(a): "The hypothec created pursuant to this Section 4.1(a) is granted for the sum of $1,000,000 with interest at the rate of twenty-five percent (25.0%) per annum."

2.3. **Termination.** In addition to Company's other termination rights in Section 5 of the Agreement, the Agreement may be terminated by Company without penalty if Elavon notifies Company of a fee increase, the introduction of a new fee, or a reduction in applicable interchange rates; provided that Company may not terminate the Agreement in connection with new fees or fee increases made in accordance with pre-determined fee schedules, if any. Company will notify Elavon of its intent to terminate the Agreement within 90 days of receiving notice of the new fee, fee increases or reduction in applicable interchange rates from Elavon.

2.4. **Taxes.** In addition to the provisions of Section 7.5 of the Agreement, all fees or charges payable by Company to Elavon as set forth in this Agreement, including the Schedules hereto, the Documentation or any exhibits, do not include goods and services tax, harmonized sales tax, Québec sales tax, value added tax, retail sales taxes and other similar taxes whether now imposed or to be imposed in the future. If any

such tax (other than taxes based on Elavon's income) is found to be applicable, the appropriate amount of tax will be added to and will be payable by Company to Elavon at the same time and upon the same terms as apply to the fees and other charges

2.5. **Compliance**. Company acknowledges that Elavon is required to comply with the Code of Conduct including the requirements with respect to related service providers and related service contracts, in each case as such concepts are defined under or in connection with the Code of Conduct. Notwithstanding anything in the Agreement to the contrary, if Company has requested that the requirements of the Code of Conduct not be addressed under or in connection with the Agreement, then Company (a) waives compliance by Elavon with the requirements of the Code of Conduct, (b) agrees to indemnify and save harmless Elavon in respect of any such noncompliance and (c) will use commercially reasonable efforts to assist Elavon to comply with the Code of Conduct upon request by Elavon

2.6. **Language.** The parties acknowledge that they have required the Agreement and all related documents to be drawn up in the English language. Les parties reconnaissent avoir demandé que le présent contrat ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

3. **Definitions.** The following definitions supersede the referenced definitions of the Agreement or are added to Appendix 1 – Definitions for purposes of Transactions in Canada:

"**Code of Conduct**" means the Code of Conduct for the Credit and Debit Card Industry in Canada issued by the Department of Finance Canada and administered by the FCAC and all guidance, compliance bulletins and decisions issued by the FCAC in connection therewith, all as amended, restated, supplemented or replaced from time to time.

"**EFT Networks**" means (i) Interac and any services offered by Interac, including online, debit and contactless services permitting Cardholders to pay for goods and services by debiting money directly from their accounts; and (ii) any other organization, association, service or network that hereafter authorizes, enables or is approved by Elavon or Member to authorize, capture, or settle Transactions effected with Debit Cards, and any successor organization or association to any of the foregoing.

"**FCAC**" means Financial Consumer Agency of Canada.

"**Interac**" means Interac Association.

"**Interac Direct Payment**" means the service provided by Interac to permit Cardholders to pay for goods and services by debiting money directly from their accounts using a POS Device equipped with a PIN pad with PIN verification.

"**Laws**" means all applicable domestic or foreign laws (including common law), statutes, codes, acts, rules, regulations, treaties, ordinances, guidelines, industry commitments and all orders and decrees of all courts, tribunals and arbitrators, and includes the Code of Conduct, each as amended from time to time.

"**Member**" means each of the financial institutions or other entities designated by Elavon that is a principal, sponsoring affiliate or other member of the applicable Payment Network. A Member may be changed by Elavon at any time. As of the date of distribution of this Schedule, U.S. Bank National Association, acting through its Canadian branch, is the Visa Member, and Elavon Canada Company is the Mastercard Member, the Interac Member, and the Discover Network Member. Elavon may change the Member at any time and will provide notice to Company of such change.

"**Visa**" means Visa Canada Corporation.

Schedule C
Electronic Check Services

If Company has selected Electronic Check Services ("**ECS**"), Company agrees to the terms and conditions of the Electronic Check Service Merchant Operating Guide (the "**ECS MOG**"), which are incorporated herein by reference and located athttps://www.mypaymentsinsider.com/api/file/en_US/154907/ECS_Op%20Guide_Eng.pdf, and the following terms and conditions:

1. Company will comply with and be bound by (a) the ECS Rules, and (b) Laws, including the Check Clearing for the 21st Century Act and Regulation CC, Article 3 and Article 4 of the Uniform Commercial Code as in effect in the applicable states, the Electronic Fund Transfer Act and Regulation E, and the Fair Credit Reporting Act as amended by the Fair and Accurate Credit Transactions Act.

2. Company will pay the ECS fees as set forth in the Company Application and any additional application and setup forms.

3. Company will cause a Check Reader/Imager to be readily available for use at all Company locations where Company will accept Paper checks for ECS processing.

4. Company must use commercially reasonable procedures to verify the identity of each Customer who submits a payment.

5. Company will provide Customers with notifications and disclosures in connection with ECS, including posting all point of sale signage and distributing all Customer takeaways and all notices and disclosures required to be provided under the ECS Rules and Laws.

6. Company may use the ECS only in connection with the presentment and acceptance of a paper check or ABA Routing Number and account information for ECS processing in payment for goods or services sold by Company, or in payment for an obligation owed to Company, and only in compliance with ECS Rules

7. Company will be the sole user of the ECS, and may not resell or otherwise transfer any portion of ECS (or any associated information) to any other Person.

8. Company represents and warrants, with respect to each ECS Transaction submitted for processing by Elavon, that (i) the Customer has duly authorized the debiting of the Customer's account for the amount of the ECS Transaction in accordance with Laws, (ii) the Transaction represents an obligation of the Person who is submitting a Customer payment, (iii) the Transaction is for merchandise actually sold or rented, for services actually rendered, or for the actual amount due and owing from the Customer to Company, in each case for the actual price of such merchandise or services (including tax) or for the actual amount due and owing to Company, and (iv) no portion of the Transaction involves any element of Company's extension of credit.

9. Company may not use ECS for merchandise returns or refunds. Rather, Company must handle merchandise returns or refunds by direct negotiation between Company and the Customer.

10. Company is responsible to Elavon for any Transaction charged back by Elavon or its agent in accordance with the Agreement, including the ECS MOG, and for any fines, penalties or assessments incurred as a result of Company's non-compliance with Laws or the ECS Rules. Company will immediately pay to Elavon or its agent (by means of debit or set-off initiated by Elavon or its agent, submission of payment by Company, or otherwise, at the sole option of Elavon), an amount equal to the amount of any ECS Transaction that is stopped, not settled, or charged back, as well as any related fees and charges.

11. Company will cooperate with all parties in the resolution of Customer disputes, as well as Chargebacks, returns, adjustments, representments, and errors in accordance with the ECS Rules and Laws.

12. Company will ensure that all information, including MICR data and payment amounts, is accurately captured from a Paper check in accordance with the applicable ECS Rules, and that all such information is accurately

reflected in the related Item Company sends to Elavon for processing through ECS. Company will not submit for clearing or settlement any physical Paper check unless and until Elavon and Member have processed and settled a Chargeback to Company with respect to any Items created from such Paper check.

13. Company will not disclose to third parties any information related to ECS Transactions, including ABA Routing Number and account information, driver's license number, telephone number, or social security number, except as specified in the Agreement (including the ECS MOG). Company will keep all such information confidential and secure in accordance with the Agreement and Laws.

14. Company will only use ECS data to support the ECS.

15. Additional definitions applicable to Electronic Check Services:

"**ABA Routing Number**" means the ABA number that uniquely identifies the bank that holds the Customer account to be debited or credited through ECS.

"**Chargeback**" means, for purposes of this Schedule, (i) a sales Transaction disputed by a Customer or an Item not in compliance with Conversion with Guarantee (each as defined in the ECS MOG) warranty provisions or ECS Rules; (ii) for all ECS other than Conversion with Guarantee, the face amount of any Item that is returned by the Drawee Bank or an ECS Association to Elavon unpaid and that is ineligible for resubmission to the Drawee Bank or the ECS Association, including any Item returned for non-sufficient or uncollected funds after the third presentment; and (iii) for all ECS, an Item that is not in compliance with Company's obligations, representations and warranties under the Agreement.

"**Check Reader/Imager**" means a device certified by Elavon that electronically captures the MICR line or an image of the Paper check.

"**Drawee Bank**" means the financial institution where a Customer maintains a checking or other deposit account (i) on which a paper check that serves as the source document for an Item is drawn, or (ii) as to which a Customer provides the ABA Routing Number and account information for use in generating an Item.

"**ECS Primer**" means the detailed information relating to ECS processes and implementation provided by Elavon to Company, which must be used by Company in conjunction with the technical specifications and certification requirements provided by Elavon to promote integrated point of sale system connectivity and integration between Company and Elavon.

"**ECS Rules**" means (a) all applicable rules and operating regulations of or applicable to the ECS Associations, (b) the ECS MOG, and (c) the ECS Primer, in each case including all changes made thereto from time to time.

"**ECS Transaction**" means any purchase, reversal/void, decline, Chargeback, or representment/resubmit pursuant to the ECS Rules.

"**Item**" means an electronic file or entry representing a Transaction that is created from (i) the information captured by Company from a paper check using a Check Reader/Imager, or (ii) Customer inputs of ABA Routing Number and account information, that is forwarded by Company to Elavon or Member in accordance with the Agreement.

"**MICR**" means the magnetic ink character read line encoded on a Paper check that contains information about the Customer's checking account, including the ABA Routing Number and checking account number.

Schedule D
Safe-T for SMB Services

If Company has elected to receive SAFE-T for SMB Gold, SAFE-T for SMB Silver, or SAFE-T Solo for SMB, then, in the course of its acceptance and use of the SAFE-T for SMB Services (as defined below), Company agrees to the following terms and conditions. For the avoidance of doubt, this Schedule D will not apply to any tokenization or encryption solution offered by Elavon other than the SAFE-T for SMB Gold, SAFE-T for SMB Silver, and SAFE-T Solo for SMB offerings, and to the extent terms governing any other such tokenization or encryption solution are separately provided to Company, those terms, rather than this Schedule D, will apply.

1. **Description of Safe-T for SMB Services**. Subject to the terms and conditions of this Schedule D and the Agreement, Elavon will provide Company with the following services (collectively, the "**SAFE-T for SMB Services**"):

   1.1. **Encryption Services**. Elavon will decrypt full primary account numbers ("**PANs**") properly encrypted by Company using Elavon-provided encryption software, Elavon-approved POS Devices and other similar hardware used by Company to accept Payment Devices ("**Hardware**"), and Elavon-injected encryption keys, all in accordance with the terms and conditions of this Schedule D and the Agreement (such services, the "**Encryption Services**"). Transactions submitted via a POS Device with Elavon-approved software will not be transmitted by the POS Device to Elavon if the POS Device fails to encrypt the PANs.

   1.2. **Tokenization Services**. Elavon will provide Company with Tokens in substitution for PANs. More specifically, when Company transmits to Elavon a PAN associated with a Transaction, Elavon will:

   (a) Generate a Token;

   (b) Associate the Token with the PAN; and

   (c) Send the Token, instead of the PAN, back to the Company in the Transactions authorization response message.

   (i) As long as Company is receiving the SAFE-T for SMB Services, Company may submit the Token, rather than the PAN, to Elavon to process additional Transactions to the Credit Card, Debit Card or Gift Card associated with such Token at any of Company's locations.

   (ii) **Note**: The SAFE-T for SMB Services only apply to card-present Transactions (the processing environment where the Payment Device is physically presented to the Company by the Cardholder as the form of payment at the time of Transaction) and mail order/telephone order Transactions, and do not apply for Electronic Commerce Transactions. For mail order/telephone order transactions, information must be hand-keyed into the POS Device for SAFE-T For SMB Services to apply.

2. **Company Responsibilities**.

   2.1. Company will cause the appropriate Hardware, including POS Devices and any other Hardware provided by or on behalf of Elavon from time to time, to be readily available for use at all Company locations that are the recipients or users of the SAFE-T for SMB Services. Company will be solely responsible for ensuring that, for every Transaction, (i) it uses only such Hardware that is included on Elavon's then-current list of Hardware compatible with the SAFE-T for SMB Services for every Transaction, and (ii) the SAFE-T for SMB Services are enabled on such Hardware.

   2.2. Company acknowledges that Elavon does not store Payment Device expiration dates. In order to use a Token to process a Transaction, Company must provide the Token (in lieu of a PAN) together with the expiration date for the original Payment Device, if available.

2.3. Company must cooperate with Elavon to promptly take any action necessary to enable the SAFE-T for SMB Services on Company's Hardware, including promptly downloading, installing and implementing any software or updates thereto in accordance with Elavon's instructions. Company acknowledges and agrees that it may not be able to receive the benefits of the SAFE-T for SMB Services to the extent that it does not take such actions in accordance with Elavon's instructions.

3. **Liability**. Notwithstanding the forgoing, but subject to the eligibility requirements provided in Section 9.2(e)(v), companies that have selected the Silver level of the SAFE-T for SMB Services will be eligible for Data Breach Reimbursement up to a maximum amount of $100,000, companies that have selected the Gold Level of SAFE-T for SMB Services will be eligible for Data Breach Reimbursement of up to a maximum amount of $250,000, and companies that have selected SAFE-T Solo for SMB will be eligible for Data Breach Reimbursement of up to $250,000; provided, in each case, that such companies have properly installed all software and updates made available by Elavon in connection with the SAFE-T for SMB Services and the SAFE-T for SMB Services are actually enabled on the Company's Hardware. The foregoing does not affect the Data Breach Reimbursement limitations set forth in Section 9.2(e)(v) with respect any Data Incident relating to data associated with Electronic Commerce Transactions.

NEW APPLICATION - GOVERNMENT / INSTITUTIONAL

1 COMPANY INFORMATION

♦ DBA NAME: City Of Springfield

CONTACT NAME: JODY VERNON

♦ DBA ADDRESS TYPE: Business ♦ DBA ADDRESS1 *(NO PO BOX)*: 840 Boonville Ave

DBA ADDRESS 2:

♦ CITY: Springfield	♦ STATE: MO	♦ ZIP CODE: 65802

♦ DBA PHONE #: 417-864-1500	DBA FAX #:
♦ DATE FOUNDED: 1838	MOBILE PHONE #:

♦ EMAIL ADDRESS: jvernon@springfieldmo.gov

CIP EXEMPTION: Government

2 OTHER ADDRESS *(IF DIFFERENT THAN ABOVE)*

☐ MAILING ☐ SHIPPING ☐ *SEE ALSO SPECIAL INSTRUCTIONS* *(MORE THAN ONE OPTION MAY BE SELECTED)*

LOCATION NAME:	PHONE #:
CONTACT:	FAX #:

ADDRESS:	CITY:	STATE:	ZIP CODE:

STATEMENTS/ RETRIEVALS /CHARGEBACKS

STATEMENTS: ☐ *DBA* *OR* ☐ *MAILING* *OR* ☐ *W-9* | *AUTO SEND:* ☒ *YES* ☐ *NO (CHAIN COMPANIES ONLY – MUST INCLUDE CHAIN SET UP FORM)*

RETRIEVALS: ☐ *ONLINE CASE MANAGEMENT (OCM)* *OR* ***EMAIL TO:*** *OR* ***FAX TO:*** ☐ *DBA* ☐ *MAILING* *OR* ***MAIL TO:*** ☐ *DBA* ☐ *MAILING*

CHARGEBACKS: ☐ *ONLINE CASE MANAGEMENT (OCM)* *OR* ***EMAIL TO:*** *OR* ***FAX TO:*** ☐ *DBA* ☐ *MAILING* *OR* ***MAIL TO:*** ☐ *DBA* ☐ *MAILING*

3 CONTACT INFORMATION (AUTHORIZED REP)

♦ ☐ OFFICER ☐ MANAGER ☒ AUTHORIZED REPRESENTATIVE ☐ OTHER:

♦ FIRST NAME: Jody	MN:	♦ LAST NAME: Vernon

♦ TITLE: Assistant Director, Finan	♦ US PERSON: Yes	♦ EMAIL ADDRESS: jvernon@springfieldmo.gov

▸ CONTACT ADDRESS (NO PO BOX): 840 Boonville Ave	▸ ADDRESS TYPE: Business

▸ CITY: Springfield	▸ STATE: MO	▸ ZIP CODE: 65802

▸ DOB:	CONTACT PHONE #: 417-864-1616

INDIVIDUAL ID EXEMPTION CLASS: **GOVERNMENT** ☐ FEDERAL ☐ STATE ☒ LOCAL (POLITICAL SUBDIVISION OF A US STATE)

OTHER COMPANY INFORMATION

♦ AVERAGE SALE AMOUNT: $	☐ CARD PRESENT 100%	OMNI COMMERCE (MUST TOTAL 100%)
♦ HIGH SALE AMOUNT: $	☐ CARD NOT PRESENT 100%	CARD PRESENT ____ %
♦ NUMBER OF HIGH SALES TRANSACTIONS ANNUALLY:	☐ INTERNET 100%	CARD NOT PRESENT* ____ %
♦ TOTAL **MONTHLY** VISA/MC/AMEX/DISC/UNIONPAY SALES: $	☐ OMNI COMMERCE	INTERNET * ____ %
♦ ANNUAL TOTAL REVENUE: (CASH, CHECK, CARD) $	▸ **INTERNET:** PRODUCT WEBSITE:	
♦ INDUSTRY TYPE:	▸ **INTERNET:** "CONTACT US" EMAIL:	
♦ DESCRIPTION OF PRODUCT/SERVICES OFFERED:		
SPECIAL PROGRAM MCC ONLY:	**CUSTOMER SERVICE PHONE # AND PREVIOUS PROCESSOR REQUIRED BELOW*	
WHEN DOES THE CUSTOMER RECEIVE THE PRODUCT OR SERVICE?	▸ CUSTOMER SERVICE PHONE #:	
IF NOT SAME DAY, # OF DAYS (INCLUDE SHIPPING TIME FRAME)	▸ PREVIOUS PROCESSOR:	

IF SEASONAL, PLEASE CHECK MONTHS CLOSED BELOW. *(CUSTOMER MUST CONTACT CUSTOMER SERVICE TO DEACTIVATE AND REACTIVATE ACCOUNT)*

☐ JANUARY ☐ FEBRUARY ☐ MARCH ☐ APRIL ☐ MAY ☐ JUNE
☐ JULY ☐ AUGUST ☐ SEPTEMBER ☐ OCTOBER ☐ NOVEMBER ☐ DECEMBER

BANK ACCOUNT *(CHECKING ACCOUNTS ONLY)*

♦ DEPOSIT BANK NAME:	♦ ABA/ROUTING #:	♦ DDA ACCOUNT #:
BILLING/CHARGEBACK BANK NAME *(IF DIFFERENT)*:	ABA/ROUTING #:	DDA ACCOUNT #:
CHARGEBACK BANK NAME (IF DIFFERENT THAN BILLING):	ABA/ROUTING #:	DDA ACCOUNT #:
FUNDING OPTIONS:	MONTHLY FEE $	TAPE ID (OPT):

Card Acceptance *(Please check each card you wish to accept)*

- ☐ All Visa/MasterCard/AMEX/UnionPay/ Discover (JCB, DI)/ with PIN / PINLess Debit
  - ☐ PIN Debit ☐ PINLess Debit
- ☐ All Visa/MasterCard/AMEX/UnionPay/ Discover (JCB, DI)
- ☐ Visa Credit ☐ Visa Debit ☐ MC Credit ☐ MC Debit ☐ Discover (JCB, DI) ☐ UnionPay ☐ Amex
- ☐ PIN Debit ☐ PINLess Debit

Pricing Category

- ☐ Retail
- ☐ Restaurant
- ☐ Lodging
- ☐ Supermarket
- ☐ MO/TO / Internet
- ☐ ARU
- ☐ Omni Commerce (Tiered & EICP Only)

Pricing Information

Pricing Program: *(Fixed only)*		Visa/MasterCard/UnionPay/ Discover Cards (JCB, DI,)		American Express Opt Blue		PIN//PINLess Debit***	
		Rate*	Per Item*	Rate	Per Item	Rate	Per Item
Tiered	Qualified	%	$	%	$	%	$
	Mid Qualified	%	$	%	$		
	Non-Qualified	%	$	%	$		
	Standard	%	$	%	$		
	Opt. ☐ Check Card ☐ SPRMKT ☐ QPS/Small Tkt	%	$				
	Opt. Rewards	%	$				
	Opt. Commercial Card	%	$				
Interchange Plus		[redacted] %	$[redacted]	[redacted] %	$[redacted]	[redacted] %	$[redacted]
PIN/PINLess Debit Enablement Service Fee							$
Enhanced IC Plus	Check Card Qualified	%	$				
	Qualified	%	$	%	$	%	$
	Rewards Qualified	%	$				
	Mid Qualified	%	$	%	$		
	Commercial Non-Qualified	%	$				
	Non-Qualified	%	$	%	$		
Fixed - pricing pgm:		%	$	%	$		

*Rates are for all Card Acceptance types selected. All Card Brand Assessments will be passed through at cost.
***The cost of acceptance for Pin/Pinless debit will be optimized when applicable.

Fees

Application	$
Installation/Training	$
Reporting & Support Package (per month)	$
Monthly Minimum	$[redacted]
Chargeback (per occurrence)	$[redacted]
Return Item/NSF (per occurrence)	$[redacted]
Other:	$
Statement: ☐ Electronic or ☐ Paper Monthly Statement Mailing (paper statements only)	$[redacted]
Rush Shipment	$
Other:	$

Authorizations

Visa (per auth)	$	Voice - ARU (per auth)	$[redacted]
MasterCard (per auth)	$	Voice Operator (per auth)	$[redacted]
Discover (per auth)	$	Voice - AVS (per auth)	$[redacted]
UnionPay (per auth)	$	Voice Bank Ref (per auth)	$[redacted]
AMEX Opt Blue (per auth)	$	AMEX Public Sector (TPSP) (per auth)	$
PIN/PINLess Debit (per auth)			$
International Card Handling Fee (Rate): (charged on Visa, MC, Discover, AMEX)			[redacted] %
Authorization Pricing Program:			

Security Programs

Security Program: PCI Basic	*Monthly*
(PCI/SafeT) Program Discounted Fee:	$[redacted]
(PCI/SafeT) Program Standard Fee:	$[redacted]

Please see additional disclosures in the Company Representations and Certification section.

Other Card Types Existing

Amex	SE # *(10 digits)*:	Per Auth: $	EBT	SE # *(7 digits)*:	Per Auth: $

American Express Public Sector (TPSP)

☐ Company is eligible for American Express Public Sector (TPSP) and accepts ☐ Company is eligible for American Express Public Sector (TPSP) but declines acceptance

Industry Type:

Pricing Information for American Express Public Sector (TPSP)

Tiered	Rate	Per Item	Enhanced IC Plus	Rate	Per Item
Qualified	%	$	Qualified	%	$
Mid Qualified	%	$	Mid Qualified	%	$
Non-Qualified	%	$	Non-Qualified	%	$
Interchange Plus	%	$			

POINT OF SALE (EQUIPMENT OR SOFTWARE)

NETWORK: ☒ ELAVON ☐ OTHER ☐ A THIRD PARTY INTEGRATOR WILL BE USED FOR IMPLEMENTATION:

VAR SERVICE PROVIDER (HOSTED): VAR (DISTRIBUTED): VENDOR: PRODUCT: VERSION:

OF TIDS TID TYPE OMNI ONLY: # OF TIDS TID TYPE OMNI ONLY:

							PURCHASE/SETUP		SOFTWARE/WIRELESS		
QTY	POS DESCRIPTION	ITEM CODE	TID TYPE OMNI ONLY	TERMINAL ENCRYPT	OWNS	TERMINAL CONNECTION TYPE	REPROG FEE PER UNIT	PRICE PER UNIT	ANNUAL FEE PER UNIT	MONTHLY FEE PER UNIT	PER AUTH FEE
1	Converge Next Gen with Token			☐	☐		$	$	$	$	$
1	Desk 3500			☐	☐		$	$	$	$	$
1	Desk 5000			☐	☐		$	$	$	$	$
1	Ingenico Axium			☐	☐		$	$	$	$	$
1	Ingenico Axium with base			☐	☐		$	$	$	$	$
1	Sim card			☐	☐		$	$	$	$	$

ALL APPLICABLE STATE AND LOCAL TAXES WILL BE APPLIED. ☐ SALES TAX EXEMPT

Elavon and Member have no responsibility for, and shall have no liability to Company in connection with, any hardware or software, or any related services, Company receives under a direct agreement (including any sale, warranty or end-user license agreement) between Company and a third party, including any Value Added Servicer, even if Elavon collects fees or other amounts from Company with respect to such hardware, software or services.

ADDITIONAL POS SERVICES:	DESCRIPTION	SETUP FEE	ANNUAL FEE	MONTHLY FEE	PER AUTH FEE
		$	$	$	$
		$	$	$	$

RENTAL EQUIPMENT:	QTY	POS DESCRIPTION	ITEM CODE	TID TYPE OMNI ONLY	TERMINAL CONNECTION TYPE	MONTHLY RATE PER UNIT	SOFTWARE/WIRELESS ANNUAL FEE PER UNIT	MONTHLY FEE PER UNIT	PER AUTH FEE
						$	$	$	$
						$	$	$	$
						$	$	$	$
						$	$	$	$
						$	$	$	$
						$	$	$	$

Rentals may result in paying more for the equipment over time as compared to purchasing. Rental equipment may be new or used and is dependent on inventory available at time of order. All used equipment is inspected and refurbished upon return before being re-deployed. Rentals are month to month and may be terminated at any time by Company. Additional provisions around the use of rental equipment can be found in the Equipment Chapter of the Operating Guide: a link to the Operating Guide can be found in Section 4 of this application, below.

TERMINAL PROGRAMING INSTRUCTIONS *(DO NOT USE FOR CONVERGE – THIS INFORMATION IS COVERED DURING TRAINING)*

☐ RETAIL (AUTO CLOSE DEFAULT) ☐ QUICK CLOSE ☐ STORE AND FORWARD ☐ NO SIGNATURE ☐ CONTACTLESS (+ NO SIGNATURE)

☐ RESTAURANT (QUICK CLOSE DEFAULT) TIP FUNCTION (DEFAULT) ☐ FINE DINING ☐ TAB FUNCTION

☐ CARD NOT PRESENT (AUTO CLOSE DEFAULT) ☐ QUICK CLOSE

☐ LODGING (QUICK CLOSE DEFAULT) ☐ QUICK STAY

☐ SEMI INTEGRATED

CUSTOM PROMPTS: ☐ TERMINAL AUTO CLOSE (RTL, MOTO) TIME ZONE ☐ CASH BACK PIN DEBIT (RTL): $ (MAX) ☐ CUSTOM FOOTER:
☐ NO TIP (REST) ☐ NO SERVER PROMPT (REST) ☐ CLERK PROMPT (RTL) ☐ TIP FUNCTION WAITER (RTL) ☐ TIP FUNCTION CASHIER (RTL)

TRAINING (DEFAULT = TRAINING REQUIRED): ☐ NO TRAINING

REPORTING TOOLS

☐ ONLINE CASE MANAGEMENT ▸MONTHLY FEE $ ▸SET UP FEE $ ▸# USERS ▸SET UP TYPE (CHECK ONE) ☐ MID ☐ CHN

☐ ACS ▸MONTHLY FEE $ ▸SET UP FEE $ ▸REMOTE ID

OTHER VAS

☐ 3D Secure Per Occurrence: $

Electronic check and ACH Processing and Service Options

Annual Check Volume: $ 5,200,000.00	Maximum Check Amount: $ 10,000.00
Average Check Amount: $ 1,000.00	Monthly Minimum: $ 0

ECS- Paper Check Conversion

Processing Options:

- ☐ POP – Point of Purchase
- ☐ ARC – Accounts Receivable Conversion
- ☐ BOC – Back-Office Conversion

Service:

☐ **Conversion with Guarantee**
Discount Rate: _____ % Per Transaction: $_____

☐ **Conversion with Verification** or ☐ **Conversion Only**
Per Transaction: $_____
Per Return Transaction: $_____

ACH Echeck – Card Not Present (CNP)

Processing Options:

- ■ Concurrent Enrollment (includes: WEB, TEL, PPD and CCD) = XNP
- ☐ Individual Enrollment - choose one (one per MID)
  - ☐ WEB – Internet Initiated Entries
  - ☐ TEL/IVR – Telephone Initiated Entries
  - ☐ PPD – Prearranged Payment Entries
  - ☐ CCD – Corporate to Corporate Entries

Converge setups will be Concurrently enrolled in all product types = XNP

Service:

■ **ACH-Echeck with Verification**
Per Transaction: $[redacted]
Per Return Transaction: $[redacted]

☐ **ACH-Echeck Conversion Only**
Per Transaction: $_____
Per Return Transaction: $_____

Other ECS Check Conversion Service Requests

☐ Prompts for Driver's License Number, State of License Issuance and Telephone Number (Required for Guarantee Service)

ACH-Echeck Questionnaire

1. What types of payments will you accept using ACH-Echeck (e.g., utility bill payments, monthly rent payments, monthly billing for general services)?
   Government services
2. Will you obtain authorization from your customers prior to accepting an ACH entry in accordance with the ECS MOG (e.g., orally via telephone for tel/ivr, or in writing for ppd)?
   ■ **Yes** ☐ **No**
3. Will you verify and authenticate the identity of your customers in accordance with the ECS MOG prior to initiating ACH entries for those customers (e.g., by obtaining a customer's name, address and telephone number or using a database to verify the accuracy of the information provided by customer)? ■ **Yes** ☐ **No**
4. Will you offer ACH-Echeck to existing or new customers? ■ **Existing** ☐ **New**
5. Will you maintain and disclose to your customers procedures for cancelling an authorization? ☐ **Yes** ■ **No**
6. Will you ensure that information regarding each transaction authorization entered by a customer and/or your service representative is accurate and not a duplicate transaction?
   ■ **Yes** ☐ **No**

Convenience Fee and Government/Public Institution Service Fees (GPISF)

Convenience Fee Services Programs

Convenience Fee Funding Model (check one):

- ☐ Company Managed Convenience Fee[1]
- ☐ Elavon Managed Convenience Fee[2]
- ☐ Partner Managed Convenience Fee[3]

Payment Transaction Types

☐ Credit (check all that apply):

☐ Visa ☐ MasterCard ☐ Discover ☐ American Express PS

☐ Signature Debit (check all that apply):

☐ Visa ☐ MasterCard ☐ Discover

☐ PIN-Based Debit ☐ PINLess Debit

☐ ACH (via Electronic Check Services)

Elavon Product Supporting Elavon-Managed Convenience Fee Assessment to be Used by Company (check all that apply):

☐ Paycentric Bill Pay Services *(additional enrollment form required)*:

☐ Company Proprietary Solution or Value-Added Servicer

☐ Other:

Convenience Fee Pricing:

Convenience Flat Fee Amount: $

Convenience Fee %: (MasterCard, Discover & ACH Programs only)

Implementation Fee (if applicable): $

GPISF Services Programs

(check all that apply, but only if Company elects GPISF assessments:

☐ Company-Managed Service Fee[4]

☐ Company-Managed with Elavon POS Devices/Service Fee Terminals[5]

☐ Elavon-Managed Service Fee[6]

☐ Partner Managed Service Fee[7]

Card Acceptance (check all that apply):

☐ Point of Sale ☐ Internet

☐ IVR ☐ Other:

GPISF Services Programs (check all that apply, but only if Company elects GPISF assessments:

☐ MasterCard Government and Education Payment Program

☐ Visa Government and Education Payment Program

☐ American Express Government and Education Payment Program

☐ Discover Government and Education Payment Program

Transaction Types:

☐ Federal Income Tax ☐ Business Tax

☐ Government Fees ☐ Other Tax

☐ State Income Tax ☐ Tuition

☐ Real Estate Property Tax ☐ Other Education Expenses

Payment Types for GPISF Assessment (not all payment types are supported for all programs) (check all that apply, but only if Company elects GPISF assessment):

☐ Credit – (check all that apply):

- ☐ Visa – Eligible MCCs: 8211, 8220, 8244, 8249, 9211, 9222, 9311, 9399
- ☐ MasterCard – Eligible MCCs: 8211, 8220, 8299, 9211, 9222, 9223, 9311, 9399,9402
- ☐ Discover (available if Elavon-acquired)
- ☐ American Express PS – Eligible MCCs: 8211, 8220, 8244, 8249, 9211, 9311, 9399, 9222

☐ Signature Debit – (check all that apply)

- ☐ Visa – Eligible MCCs: 8211, 8220, 8244, 8249, 9211, 9222, 9311, 9399
- ☐ MasterCard – Eligible MCCs: 8211, 8220, 8299, 9211, 9222, 9223, 9311, 9399,9402
- ☐ Discover (available if Elavon-acquired)

☐ ACH (via Electronic Check Services)

Elavon Product Supporting GPISF Assessment to be Used by Company (check all that apply):

☐ Paycentric Bill Pay Services *(additional enrollment form required)*:

☐ Service Fee terminal

☐ Company Proprietary Solution or Value-Added Servicer

☐ Safe-T Services *(additional enrollment form required)*

☐ Other:

GPISF Pricing:

Service Fee Amount: % or $

ACH (via Electronic Check Services): $

Implementation Fee (if applicable): $

[1] "Company-Managed" Convenience Fee means that Company establishes the amount of the Convenience Fee (subject to the requirements of the Agreement and applicable Payment Network Regulations) and retains the Convenience Fee. Company pays Elavon the per transaction fees as set forth in this application to the Agreement for all Convenience Fee Transactions.

[2] "Elavon- Managed" Convenience Fee means that Elavon establishes the amount of the Convenience Fee and retains the Convenience Fee in lieu of Company's obligation to pay Elavon the per transaction fees as set forth in this application to the Agreement for Convenience Fee Transactions. The Convenience Fee is still charged by Company and included in the overall transaction amount charged to the Cardholder.

[3] "Partner- Managed" Convenience Fee means that Sales Partner (a Sales Partner is a registered third party sales organization selling Elavon services) establishes the amount of the Convenience Fee (subject to the requirements of the Agreement and applicable Payment Network Regulations) as set forth in this application to the Agreement. Elavon will retain the Convenience Fee in lieu of Company's obligation to pay Elavon the per transaction fees as set forth in this application to the Agreement. The Convenience Fee is still charged by Company and included in the overall transaction amount charged to the Cardholder.

[4] "Company-Managed" Service Fee means that Company establishes the amount of the GPISF, programs its POS Devices to assess the GPISF, and retains the GPISF (subject to the requirements of the Agreement and applicable Payment Network Regulations). Company pays Elavon the per transaction fees as set forth in this application for all GPISF Transactions.

[5] "Company-Managed with Elavon POS Devices/Service Fee Terminals" means that Elavon programs the POS Devices to assess the GPISF established by Company and Company retains the GPISF. Company pays Elavon the per transaction fees as set forth in this application to the Agreement for all GPISF Transactions.

[6] "Elavon-Managed" Service Fee means that Elavon establishes the amount of the GPISF, and Elavon charges and retains the GPISF in lieu of Company's obligation to pay Elavon the per transaction fees and Safe-T Services fees (if Safe-T is chosen above) for GPISF Transactions.

[7] "Partner- Managed" Service Fee means that Sales Partner (a Sales Partner is a registered third party sales organization selling Elavon services) establishes the amount of the GPISF (subject to the requirements of the Agreement and applicable Payment Network Regulations) as set forth in this application to the Agreement. Elavon will retain the GPISF in lieu of Company's obligation to pay Elavon the per transaction fees and Safe-T Services fees (if Safe-T is chosen above) for GPISF Transactions.

SUBSTITUTE FORM W-9

■ GOVERNMENT
☐ OTHER

♦ LEGAL BUSINESS NAME*: CITY OF SPRINGFIELD MO

*NAME (OF BUSINESS) AS SHOWN ON YOUR BUSINESS INCOME TAX RETURNS. FOR SOLE PROPRIETORS, THIS SHOULD ALWAYS BE THE OWNER'S NAME.

♦ LEGAL BUSINESS ADDRESS (NO PO BOX): 840 Boonville Ave			▸TIN (EMPLOYER ID #): 446000268
♦ CITY: Springfield	♦ STATE: MO	♦ ZIP CODE: 65802	OR ▸TIN (SOCIAL SECURITY #):

4 COMPANY REPRESENTATIONS AND CERTIFICATIONS

Company Representations and Certifications. By signing below, the applicant company ("Company") and its representative(s) represent and warrant to Elavon, Inc. ("Elavon" or "member" as applicable), with offices at 7300 Chapman Highway, Knoxville, TN 37920 (collectively, "we" or "us") that (i) all information provided in this company application ("Company Application") is true and complete and properly reflects the business and financial condition of Company; and (ii) the persons signing this Company Application are duly authorized to bind Company to all provisions of this Company Application and the Agreement. The signature by an authorized representative of Company on the Company Application, or the transmission of a Transaction Receipt or other evidence of a Transaction to us, shall be the Company's acceptance of and agreement to the terms and conditions contained in the Agreement including, without limitation, this Company Application, the Terms of Service ("TOS"), the Addendum to the Terms of Service for Government/Institutional Companies attached hereto, and the Operating Guide incorporated herein by this reference and located at our website at https://www.mypaymentsinsider.com/api/file/c/Terms_of_Service_English and https://www.mypaymentsinsider.com/api/file/c/Operating_Guide_English, respectively. If you are accepting electronic payments through Transend Pay you also agree to the Terms and Conditions set out under the Resources tab at www.elavon.com/transendpay, and as subsequently amended in the Operating Guide in the Transend Pay Services Chapter. If Company does not have access to view the TOS or Operating Guide at our website, please contact our customer service center. Notwithstanding any such non-receipt of the TOS or Operating Guide, Company agrees to comply with the Agreement, and all applicable laws, rules, and regulations including the rules and regulations of the Payment Networks, and understands that failure to comply will result in termination of processing services. Capitalized terms shall, unless otherwise defined in this Company Application, have the same meaning ascribed to them in the TOS and Operating Guide.

Company must obtain an Authorization Code via electronic terminal or similar device before completing any transaction. Company understands that an AUTHORIZATION CODE IS NOT A GUARANTEE OF ACCEPTANCE OR PAYMENT OF A TRANSACTION. RECEIPT OF AN AUTHORIZATION CODE DOES NOT MEAN THAT COMPANY WILL NOT RECEIVE A CHARGEBACK FOR THAT TRANSACTION.

Company and its representative(s) authorize us prior to our acceptance of this Company Application and from time to time thereafter, to investigate the business history and background of Company and to obtain credit reports or other background investigation reports on Company that we consider necessary to review the acceptance and continuation of this Company Application. Company also authorizes any person or credit reporting agency to compile information to answer those credit inquiries and to furnish that information to us.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. This means we will ask for certain information and identifying documents to allow us to identify you.

This Company Application may be signed in one or more counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same Company Application. Delivery of executed counterparts of this Company Application may be accomplished by a facsimile transmission, and a signed facsimile or copy of this Company Application shall constitute a signed original.

PCI Compliance, PCI/SafeT Program Fees. All companies, regardless of Transaction volume, must comply with the requirements of the Payment Card Industry Data Security Standard ("PCI DSS"). Elavon's monthly (PCI/Safe-T) Program Standard Fee is disclosed in the Fee section of this Application. For clarity, if Company has selected a Safe-T solution, the fee for PCI DSS compliance is included within the (PCI/Safe-T) Program Standard Fee. For ninety (90) days following account approval, Company will be charged the (PCI/SafeT) Program Discounted Fee disclosed in the Fee section of this Application. If Company validates its initial PCI DSS compliance within ninety (90) days after account approval, it will continue to be eligible for the (PCI/SafeT) Program Discounted Fee for the 12 months starting with the month in which it provides validation (e.g., if Company validates compliance in March, it will pay the discounted fee from March through February of the following year). If Company does not validate its initial PCI DSS Compliance within ninety (90) days following account approval, then Company will be required to pay the full, undiscounted (PCI/SafeT) Program Standard Fee until Company validates its annual PCI DSS compliance.

For any time after the ninety (90) days following account approval, if Company validates PCI DSS by the 25th day of a month, Company will be eligible for the (PCI/SafeT) Program Discounted Fee for the 12 months starting with the month of validation (e.g., if Company validates compliance by the 25th of March, it will pay the discounted fee from March through February of the following year). Following the end of each annual PCI DSS compliance validation period, Company will have to the 25th of the following month to validate compliance or Company will be required to pay the full, undiscounted monthly (PCI/SafeT) Program Standard Fee until Company again validates compliance.

American Express Acceptance Program (Acceptance Program). If Company has elected to accept American Express® Transactions (as indicated in the Card Acceptance section of this Company Application), in addition to all other terms of this Agreement, Company agrees to the Acceptance Program terms of the TOS. By signing below or by accepting a Transaction initiated with an American Express® Payment Device, Company expressly authorizes Elavon to submit American Express® Transactions to, and to receive settlement funds from, American Express on Company's behalf. Company further authorizes Elavon to provide Company's contact information to American Express, and Company agrees that American Express may use and share such contact information for its business purposes and as permitted by applicable Laws, including to communicate with Company regarding products, services, and resources available to Company's business. American Express's use of the email address and mobile phone number provided above is subject to the consent to such use as indicated in Section 1 of this Company Application. Consent to American Express's use of contact information for such communications may be withdrawn at any time by contacting our customer service center. Even if consent is withdrawn, Company may still receive messages related to important information about Company's account from American Express. Company or Elavon may terminate Company's acceptance of American Express® Payment Devices at any time, with or without cause, without affecting Company's rights and obligations pursuant to the remainder of this Agreement. Company acknowledges that, if at any time Company is no longer qualified to participate in the Acceptance Program, Company may be enrolled in the standard American Express® card acceptance program, which may have different terms and conditions than the Acceptance Program, and Company's acceptance of American Express® Payment Devices pursuant to this Agreement will be terminated. Company acknowledges that American Express is an intended third-party beneficiary of this Agreement, solely with respect to the terms and conditions applicable to Company's acceptance of American Express® Payment Devices, and that American Express has the right to enforce such terms and conditions directly against Company.

A PIN/PINLess Debit Enablement Service Fee will be collected for any Interchange and Assessment savings generated through debit routing on your monthly debit transactions for Interchange Plus customers only. This monthly fee will be calculated from your actual debit transaction volume and will be a percentage of your overall debit cost savings. The PIN/PINLess Debit Enablement Service Fee collected and the Interchange and Assessment savings will be reflected on your monthly statement.

♦ SIGNATURE: X	♦ PRINTED NAME: Jody Vernon	♦ TITLE: Assistant Director, Finance	♦ DATE:
SIGNATURE: X	PRINTED NAME:	TITLE:	DATE:

SUBMITTED BY (INTERNAL USE ONLY)

To the best of my knowledge, I certify that the information provided in this Company Application was provided by the Company and is true, complete and accurate. I further certify that the signatures were provided by the Company's authorized representative.

SALES REP SIGNATURE: X	♦ PRINTED NAME: Ashley White	♦ REP ID #: 71374	♦ DATE:
♦ REP PHONE #: 865-243-7604	♦ REP EMAIL: ashley.cooperwhite@elavon.com	♦ SECONDARY REP ID #:	

ADDENDUM TO THE TERMS OF SERVICE FOR GOVERNMENT/INSTITUTIONAL COMPANIES

The following provisions hereby replace the like-numbered provisions of the Terms of Service ("**TOS**") or are hereby inserted or deleted from the TOS, as indicated, for Companies operating under the Agreement. Capitalized terms used and not otherwise defined in this Addendum shall have the meanings ascribed to them in the Agreement or the Operating Guide.

1) **Section 4.1 Security Interests** is deleted.

2) **Section 5.1 Term is deleted and replaced with the following:**

   "**Term**. Unless terminated as provided below, the Agreement will remain in effect for a period of three years ("**Initial Term**") following the date of acceptance of the Company Application by Elavon, which date will be the date upon which the Agreement becomes effective. Thereafter, the Agreement will renew automatically for successive one month terms (successive six month terms with respect to Canada) ("**Renewal Term**") unless terminated as provided below. If Company processes Transactions beyond the Initial Term or Renewal Term, then the terms of the Agreement will govern such Transaction processing."

3) **Section 5.2(a)** is revised to add the following:

   "(iv) Company may terminate the Agreement on 60 days' prior written notice to Elavon if sufficient legislative appropriation is not available."

4) **Section 5.2(b)** is deleted and replaced with the following:

   "**By Elavon**. Elavon may terminate the Agreement immediately in writing if any of the following occur:

   (i) A material adverse change in Company's financial condition;

   (ii) The commencement of a Bankruptcy Proceeding by or against Company;

   (iii) Any representation by Company is false or misleading in any material respect as of the date made, or becomes false or misleading in any material respect at any time during the Term;

   (iv) Any Payment Network or application of Payment Network Regulations requires Elavon to terminate the Agreement or cease processing Transactions for Company;

   (v) Assignment of the Agreement or change of control of Company without Elavon's written consent;

   (vi) The levy, garnishment or attachment of the DDA, the Reserve Account, or any of Company's property in Elavon's possession;

   (vii) Any change, not approved by Elavon, that constitutes a material change in the types of goods or services Company sells or in the methods by which Company sells them, or any change that results in Company's violation of Elavon's underwriting policy; or

   (viii) If, after Elavon provides 30 days' written notice, Company has either (1) Chargebacks or Retrieval Requests in excess of 1% of the gross dollar amount of Company's Transactions or returns in excess of 2.5% of the gross dollar amount of Company's Transactions, or (2) the acceptance of Card Not Present or Convenience Fee Transactions without proper disclosure to Elavon in the Agreement (including in the Company Application) or an amendment to the Agreement."

5) **Section 7.1**. Only if Company elects and is approved for the invoice fee collection model, then the second sentence of Section 7.1 of the Agreement is deleted and replaced with the following:

   "Such fees will be calculated once each month for the previous month's activity. Elavon will send Company an invoice reflecting the fees due, which Company will pay within 30 days of the invoice date. In addition to all other available remedies, Elavon may offset any outstanding or uncollected amounts that are more than 90 days past due from (i) any amounts it would otherwise be obligated to deposit into the DDA and (ii) any other amounts Elavon may owe Company under the Agreement."

6) **Section 7.2 Change of Fees** is deleted and replaced with the following:

   "**Change of Fees**. Elavon will not amend the fees for the Services for the Initial Term except to pass through to Company increases in interchange, assessments or charges, or increased or new fees imposed by a third party (including a Payment Network)."

7) **Section 7.3(b)** is deleted and replaced with the following:

   "(b) Elavon will charge interest on all uncollected amounts owed to Elavon: (i) as provided in the applicable jurisdiction's prompt payment act; or (ii) if no such statute applies, then on amounts more than 30 days past due at a rate no greater than the maximum rate of interest permitted under Laws."

8) **Section 7.4 Taxes** is deleted and replaced with the following:

   "**Taxes**. If applicable, Company will pay all taxes and other charges imposed by any governmental authority on the Services and Equipment provided under the Agreement, excluding any taxes based on Elavon's property or net income. If Company is a tax-exempt entity, Company will provide Elavon with an appropriate certificate of tax exemption."

9) **Section 9.1(b) Disclosure of Confidential Information** is revised to add after the last sentence as follows:

   "If Company is subject to an open or public records law, Elavon will comply with the applicable requirements and provide Company with reasonable assistance and information when necessary to enable Company to comply with its disclosure requirements; provided, that Elavon will not be required to disclose information that is not subject to disclosure under applicable Law."

10) **Section 10.1Audit** is deleted and replaced with the following:

"**Audit.** If Elavon or Member reasonably suspects that they are subject to a financial or reputational risk due to Company's actions or omissions, Company authorizes Elavon and its agents to perform an audit or inspection of Company's operations and records to confirm Company's compliance with the Agreement upon reasonable advance notice, during normal business hours, and at Elavon's expense (unless Elavon reasonably determines based on such audit that Company is not in compliance with the Agreement, in which case Company will bear the cost). Company will obtain and submit a copy of an audit from a third party acceptable to Elavon of the financial, physical security, information security, and operational facets of Company's business at its expense when requested by Elavon. Further, Company acknowledges and agrees that the Payment Networks have the right to audit Company's business to confirm compliance with the Payment Network Regulations. Company will maintain complete and accurate records of its performance under the Agreement. Company will execute and deliver to Elavon all documents Elavon reasonably deems necessary to verify Company's compliance with Section 8.1."

11) **Section 10.2(b) Financial Information** is deleted and replaced with the following:

"Financial Information. At Elavon's request, Company will provide Elavon audited financial statements prepared by an independent certified public accountant selected by Company, or if Company is audited by a governmental authority, then Company will provide financial statements from such governmental authority. Within 120 days after the end of each fiscal year (or in the case of a government entity, when available), Company will furnish Elavon, as requested, a financial statement of profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year, each audited as provided above. Company will also provide Elavon such interim financial statements and other information as Elavon may request from time to time."

12) **Section 13 Indemnification** is deleted and replaced with the following four sections:

"**13(a). Company Responsibilities.** As between Company and Elavon, Company will be responsible for, and at its own expense, defend itself against any suits, claims, losses, demands or damages arising out of (i) any sale or provision of goods or services resulting in a Transaction processed under the Agreement; (ii) Company's breach of the Agreement; (iii) all use of any user ID and password other than by Elavon or Elavon's third-party contractors; (iv) Company's or its Service Providers' gross negligence or willful misconduct; (v) Company's or its Service Providers' violation of Laws or Payment Network Regulations; or (vi) any personal injury or real or tangible personal property damage to the extent caused by Company or its Service Providers. Company will not make any claims against Elavon for any liabilities, claims losses, costs, expenses and demands of any kind or nature, arising out of or in connection with any of the foregoing suits, claims, losses, demands or damages.

13(b). Elavon Responsibilities. In addition to Elavon's obligations in Section 13(c), Elavon will be responsible for and will at its own expense defend itself against any suits, claims, losses, demands or damages arising out of (i) Elavon's breach of the Agreement; (ii) Elavon's or its third party contractors' gross negligence or willful misconduct; (iii) Elavon's or its third party contractors' violation of applicable Laws or Payment Network Regulations; (iv) Elavon's alleged infringement or other violation of a U.S. or Canada patent, copyright or trademark of a third party by the Services in the form delivered or Company's use thereof; or (v) any personal injury or real or tangible personal property damage to the extent caused by Elavon or its third party contractors.

13(c). Infringement Claims.

(i) Elavon will defend Company and its employees, officers, and agents in connection with claims, actions, demands or proceedings (made or threatened) brought by a third party, and will pay the final award of damages assessed against Company, its employees, officers or agents in a final judgment by a court of competent jurisdiction, including awarded costs, or any amount in settlement or compromise authorized by Elavon in writing, arising out of Elavon's alleged infringement or other violation of a U.S. or Canada patent, copyright or trademark of a third party by the Services (but not Equipment) in the form delivered or Company's use thereof (an "Infringement Claim").

(ii) If any part of the Services or the use of the Services becomes, or in Elavon's opinion is likely to become, the subject of an Infringement Claim, and as a result of such Infringement Claim Company's use of the Services may be enjoined or interfered with, then Elavon will, at its option and expense, either, and in addition to defending Company and paying the final amount of damages as provided for in this section, (1) obtain a license for Company to continue using the alleged infringing component(s) of the Services; (2) modify the alleged infringing component(s) of the Services to avoid the infringement in a manner that still permits the Services to perform in all material respects in accordance with the Agreement; or (3) replace the alleged infringing component(s) of the Services with compatible, functionally equivalent, and non-infringing component(s). Elavon will use commercially reasonable efforts to accomplish the remedies identified in this section in a manner that minimizes the disruption to Company's business operations. If Elavon is not able to accomplish the above remedies within a commercially reasonable time frame and on commercially reasonable terms, Elavon may terminate the Agreement upon written notice to Company. Upon such termination, Elavon will promptly refund any fees paid for Services not performed as of the date of termination.

(iii) Elavon will have no liability for any Infringement Claim to the extent caused by (1) access to or use of the Services other than as specified under the Agreement and the related Documentation, (2) combination or use of the Services with non-Elavon products or services (whether or not provided to Company by Elavon), (3) any hardware, devices, software, services or other resources not provided by Elavon, (4) failure or refusal by Company to install, implement or use any Update or correction provided by Elavon, (5) modification or alteration of the Services by anyone other than Elavon without Elavon's prior written consent, (6) Company's goods or services, or (7) the negligence, gross negligence or willful misconduct of, or breach of the Agreement by, Company.

(iv) THIS SECTION 13(c) SETS FORTH THE EXCLUSIVE REMEDY OF COMPANY AND THE SOLE AND COMPLETE LIABILITY OF ELAVON WITH RESPECT TO ANY INFRINGEMENT CLAIMS."

13(d). Procedure.

(i) If an Infringement Claim is subject to Elavon's obligations in Section 13(c) of the Agreement, Company will:

(1) Provide Elavon prompt notice of the Infringement Claim (provided that any delay in notification will not relieve Elavon of its obligations under this Section 13(d) except to the extent that the delay materially impairs its ability to fully defend the Infringement Claim);

(2) Subject to Section 13(d)(ii), give Elavon the right to exercise exclusive control over the preparation and defense of the Infringement Claim; and

(3) Provide such assistance in connection with the defense and settlement of the Infringement Claim as Elavon may reasonably request, at Elavon's expense. Elavon will not enter into any settlement that imposes any liability or obligation on Company, or contains any admission or acknowledgement of wrongdoing (whether in tort or otherwise), without Company's prior written consent.

(ii) Company may join in the defense, with its own counsel, at its own expense."

13) **Section 16 Personal Guaranty** is deleted.

14) **Section 18.2 Jurisdiction and Venue; Governing Law** is deleted.

15) **Section 18.3 Exclusivity** is deleted.

16) **Section 18.5 Assignability** is deleted and replaced with the following:

"**Assignability.** Company will not assign the Agreement, directly, by operation of law, or by change of control of Company, without Elavon's prior written consent. If Company nevertheless assigns the Agreement without Elavon's consent, the Agreement will be binding on both the assignee and Company. Elavon will not transfer or assign the Agreement without the prior written consent of Company, provided that such consent will not be required for (i) the assignment or delegation to an affiliate of Elavon, or (ii) the assignment or delegation to any Person into or with which Elavon will merge or consolidate, or who may acquire substantially all of Elavon's stock or assets."

17) **Section 18.6Arbitration** is deleted.

18) **Section 18.9 Attorney's Fees and Expenses** is deleted.

19) **Section 18.12 Amendments** is deleted and replaced with the following:

"**Amendments.** Except as otherwise provided in the Agreement, amendments to the Agreement will be in writing and signed by the parties. Notwithstanding the foregoing, Elavon and Member may amend or modify the Agreement, to the extent such changes are required by or attributable to changes in the Payment Network Regulations or other Laws, upon written notice to Company. Elavon or Member will inform Company of such a change in a periodic statement or other written notice, and such change will become effective at least 30 days after the issuance of the notice. Notwithstanding the previous sentence, changes to fees authorized by the Agreement will be effective upon notice to Company, unless a later effective date is provided."

20) **Schedule A, Section 1.8 Title; Quiet Enjoyment** is deleted and replaced with the following:

"**Title; Quiet Enjoyment**. Lessor will at all times retain title to the Leased Equipment. All documents of title and evidence of delivery will be delivered to Lessor. Lessee hereby authorizes Lessor, at Lessee's expense, to cause the lease or any statement or other instrument in respect to the lease showing the interest of Lessor in the Leased Equipment including Uniform Commercial Code Financing Statements, to be filed or recorded and/or refiled and rerecorded, and grants Lessor the right to execute Lessee's name thereto. Lessee agrees to execute and deliver any statement or instrument requested by Lessor for such purpose, and agrees to pay or reimburse Lessor for any filing, recording or stamp fees or taxes arising from the filing or recording of any such instrument or statement. Lessee will at its expense, protect and defend Lessor's title against all persons claiming against or through Lessee, at all times keep the Leased Equipment free from legal process or encumbrance whatsoever and, will give Lessor immediate notice thereof and will be responsible for any loss caused thereby. Lessee agrees to procure for Lessor, such estoppel certificates, landlord's or mortgagees' waiver or other similar documents as Lessor may reasonably request. Provided Lessee is not in default hereunder, Lessee will quietly use and enjoy the Leased Equipment subject to the terms hereof."

21) **Schedule A, Section 1.10 Net Lease; Taxes** is deleted and replaced with the following:

"**Net Lease; Taxes**. Lessee intends the rental payments hereunder to be net to Lessor, and Lessee agrees to pay any applicable sales, use, excise, personal equipment, stamp, documentary and ad valorem taxes, license and registration fees, assessment, fines, penalties and similar charges imposed on the ownership, possession or use of the Leased Equipment during the term of the lease. Lessee will pay all applicable taxes (except Lessor's federal or state net income taxes) which may be imposed on Lessor or Lessee with respect to the lease payments hereunder or the ownership of the Leased Equipment. Lessee will pay as additional rent, any applicable taxes documented as paid or advanced by Lessor on behalf of Lessee. Lessee agrees that the reimbursement of equipment tax calculation is based on an average tax rate. Unless otherwise agreed to in writing, Lessee will file personal equipment tax returns with respect to the Leased Equipment."

22) **Schedule A, Section 1.11 Indemnity** is deleted and replaced with the following:

"**Responsibility of Lessor.** As between Lessor and Lessee, Lessee will be responsible for, and at its own expense, defend itself against any and all liability, damage or loss, arising out of the ownership, selection, possession, leasing, operation,

control, use, condition, maintenance, delivery and return of the Leased Equipment. The obligations herein provided will continue in full force and effect notwithstanding the termination of the lease."

23) **Schedule A, Section 1.16 Remedies** is deleted and replaced with the following:

"**Remedies**. If an Event of Default will occur, Lessor may, at its option, at any time (i) declare immediately due and payable and recover from Lessee, as liquidated damages for the loss of a bargain and not as a penalty, an amount equal to all accrued and unpaid rental payments and late charges, taxes, and other fees, plus the Loss Amount; provided, however, that if an Event of Default will occur as described in Section 1.15(iv) through (vi) above, Lessor without any notice or action will be deemed to have made such a declaration; (ii) automatically charge the DDA for all money amounts owed; (iii) to the extent permitted by applicable Law, without demand or legal process, enter into the premises where the Leased Equipment may be found and take possession of and remove the Leased Equipment, without liability for such retaking; (iv) Lessor may hold, sell or otherwise dispose of any such Leased Equipment at a private or public sale; or (v) exercise any other remedies available under applicable Law. If Lessor takes possession of the Leased Equipment, Lessor will give Lessee credit for any sums received by Lessor from the sale or rental of the Leased Equipment after deduction of the expenses of sale or rental and Lessee will remain liable to Lessor for any deficiency. Notwithstanding the foregoing, to the extent any software included with the Leased Equipment is nontransferable or its transfer restricted, Lessee agrees that Lessor and/or the licensor of such software will have no duty to remarket or otherwise mitigate any damages relating to such software.

Lessee will also be responsible for all expenses incurred by Lessor in connection with the enforcement of any of Lessor's remedies including all expenses of repossessing, storing, shipping, repairing and selling the Leased Equipment. Lessor and Lessee acknowledge the difficulty in establishing a value for the unexpired lease term and, owing to such difficulty, agree that the provisions of this Section represent an agreed measure of damages and are not to be deemed a forfeiture or penalty. All remedies of Lessor hereunder are cumulative, are in addition to any other remedies provided for by Law, and may, to the extent permitted by Law, be exercised concurrently or separately. The exercise of any one remedy will not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of the Lessor to exercise and no delay in exercising any right to remedy will operate as a waiver thereof or modify the terms of the lease."

24) **Schedule A, Section 1.19 Miscellaneous** is deleted and replaced with the following:

"**Miscellaneous**. If Lessee fails to pay any rent or other amount required herein to be paid to Lessor within five (5) days of when due, Lessee agrees to pay Lessor, in addition to the payment, a late charge of 15% of the amount past due (but at least $7.50) for each late payment. Each month the past due payment remains unpaid, an additional late fee in the amount defined will be assessed. Payments are applied to late fees and service charges first and then to the lease obligation. Amounts will be payable in addition to all amounts payable by Lessee to Lessor as a result of exercise of any of the remedies herein provided. If Lessee requests any services not provided for herein, Lessee agrees to pay an applicable fee for delivery of such services. Lessee will inform Lessor of any change in Lessee's name, address, billing address, telephone numbers, location of the Leased Equipment, or DDA. If Lessee fails to comply with any provision of the lease, Lessor will have the right, but not be obligated, to affect such compliance on behalf of Lessee upon ten (10) days prior written notice to Lessee. In such event, all monies expended by, and all expenses of Lessor in effecting such compliance, will be deemed to be additional rental, and will be paid by Lessee at the time of the next monthly payment of rent. All notices under the lease will be sufficient if given personally or mailed postage prepaid to the party intended at the respective address set forth herein, or at such other address as said party may provide in writing from time to time. The lease inures to the benefit of and is binding upon the personal representatives, successors and assigns of the parties hereto. Time is of the essence of the lease. Lessor and Lessee intend the lease to be a valid and subsisting legal instrument, and agree that no provision of the lease that may be deemed unenforceable will in any way invalidate any other provision or provisions of the lease, all of which will remain in full force and effect. The lease will be binding when accepted in writing by Lessor and will be governed by the laws of the state where the Leased Equipment is located."

25) **Schedule A, Section 1.20 Important Information about Credit Reporting** is deleted.

26) **Schedule A, Section 2.6 Title; Quiet Enjoyment** is deleted and replaced with the following:

"**Title; Quiet Enjoyment**. Lessor will at all times retain title to the Leased Equipment. Lessor may at Lessee's expense, cause the lease or any document, statement or other instrument in respect to the lease showing Lessor's interest in the Leased Equipment, including without limitation Personal Property Security Act or Civil Code of Quebec financing statements, to be filed, registered or recorded, or refiled, reregistered and rerecorded, as applicable. Lessee waives the right, where permitted by law, to receive a copy of any financing statement, financing change statement or verification statement. Lessee agrees to execute and deliver any document, statement or instrument requested by Lessor for such purpose, and agrees to reimburse Lessor for any expense arising therefrom. Lessee will at Lessee's expense protect and defend Lessor's title against all persons claiming against or through Lessee, at all times keep the Leased Equipment free from legal process or encumbrance whatsoever, and will give Lessor immediate notice thereof and will be responsible for any loss caused thereby. Lessee agrees to procure for and deliver to Lessor, such estoppel certificates, landlord's or mortgagees' waiver or other similar documents as Lessor may request. Provided Lessee is not in default hereunder, Lessee may quietly use and enjoy the Leased Equipment subject to the terms hereof."

27) **Schedule A, Section 2.9 Indemnity** is deleted and replaced with the following:

"**Responsibility of Lessor.** As between Lessor and Lessee, Lessee will be responsible for, and at its own expense, defend itself against any and all liability, damage or loss, arising out of the ownership, selection, possession, leasing, operation, control, use, condition, maintenance, delivery and return of the Leased Equipment. The obligations herein provided will

continue in full force and effect notwithstanding the termination of the lease."

28) **Schedule B, Section 1.5 Personal Guaranty** is deleted.

29) **Schedule B, Section 1.6 Jurisdiction and Venue; Governing Law** is deleted.

30) **Schedule B, Section 1.7 Arbitration** is deleted.

31) **Schedule C, Section 16** is hereby added:

"16. Either Elavon or Company may terminate the ECS services portion of the Agreement at any time upon thirty days' prior written notice to the other party, and (ii) Elavon may, at its option, transition Company to a new program offered by Elavon that provides services similar to the ECS."

SECOND ADDENDUM TO TERMS OF SERVICE FOR GOVERNMENT/INSTITUTIONAL COMPANIES

This Second Addendum to Terms of Service ("Addendum") clarifies, amends and supplements the Terms of Service ("TOS") and Addendum to the Terms of Service for Government/Institutional Companies ("Government Addendum") dated concurrently herewith (collectively the "Agreement"), by and among the City of Springfield, MO and its agencies ("Company") and Elavon, Inc. ("Elavon") (collectively, the "Parties").

WHEREAS, the Parties desire to clarify terms of the Agreement;

THEREFORE, in consideration of the mutual covenants and agreements and intending to be legally bound hereby, the Parties hereby covenant and agree as follows:

1. Section 3.1 of the TOS (**Processing Limits**) is hereby deleted.

2. Section 5.4 (b) of the TOS (**Return to Elavon**) is modified by adding the following sentence to the end of the paragraph:

"Notwithstanding the requirements of 5.4(b), Company is allowed to maintain all records it is required by law to maintain."

3. Section 13(a) of the Government Addendum (**Company Responsibilities**) is hereby deleted and replaced with the following:

13(a). Company Responsibilities. As between Company and Elavon, to the extent not prohibited by law, Company will be responsible for, and at its own expense, defend itself against any suits, claims, losses, demands or damages arising out of (i) any goods or services sold by Company; (ii) Company's breach of the Agreement; (iii) any improper use of any user ID and password by a Company employee or officer, or access to the user ID and password from Company, its employees or officers; (iv) Company's gross negligence or willful misconduct; (v) Company's violation of Laws or Payment Network Regulations; or (vi) any personal injury or real or tangible personal property damage to the extent caused by Company. In addition, Company will be responsible for any fines, penalties, assessments or charges imposed against Elavon (including by the Payment Networks) as a result of Company's Service Providers.

4. Section 14 of the TOS (**Limitation of Liability**) is modified by changing the second sentence to delete the words "three months" and replacing them with the words "six months."

5. As expressly modified above, Agreement remains otherwise unaltered and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum.

CITY OF SPRINGFIELD, MO ("Company"):	**ELAVON**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____ ("Addendum Effective Date")

FORM NO. 7: AFFIDAVIT OF COMPLIANCE

To be submitted with Offeror's Proposal

_____ We **DO NOT** take exception to the RFP Documents/Requirements.

X_____ We **TAKE** exception to the RFP Documents/Requirements as follows:

Please refer to U.S. Bank Attachment K.7.1, Exceptions and Clarifications to City of Springfield RFP 006-2024.

I have carefully examined the Request for Proposal and agree to abide by all submitted pricing, delivery, terms and conditions of this RFP unless otherwise stipulated herein.

Company Name: U.S. Bank N.A.

Telephone Number: 319-900-1224

By: _____
(Authorized Person's Signature)

Fax Number: Not applicable

Anna Milbach
(Print or type name and title of signer)

Email: anna.milbach@usbank.com

222 Second Avenue Southeast
(Company Street/P.O. Box Address)

Federal Tax ID No.: 31-0841368

Cedar Rapids, Iowa 52401
(City, State, Zip Code)

Date: September 6, 2023

DBE Vendor (Yes/No): No

Minority Owned: ____

Women Owned: ____

Veteran Owned: ____

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 8: CERTIFICATION REGARDING POTENTIAL CONFLICTS OF INTEREST

The City's Charter, Sec. 19.16, prohibits any Council member or employee of the City from having a financial interest, direct or indirect, in any contract with the City and any member of a City board or commission from having a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he or she serves.

*****If the prohibition above is violated, <u>the contract is void</u> and the Council member, City board or commission member forfeits his or her office or the employee forfeits his or her employment*****

Vendor certifies that **(check all that apply):**

1. X No City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

2. X No spouse or dependent child of a City Council member, City employee, or City board or commission member is an employee, officer, partner, owner, etc., of vendor.

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3. ____ A City Council member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

4. ____ A City employee or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

5. ____ A City board/commission member or spouse <u>is</u> an employee, officer, partner, owner, etc., of vendor.

If choosing 3, 4, or 5, please provide name of Council member, employee, board or commission member, or spouse:

_____

Vendor Certification:

I certify the information above is true and accurate.

By: [redacted]

Print Name: Anna Milbach

Title: Senior Vice President

Company: U.S. Bank N.A.

Please note whether the Charter is violated is fact specific. City staff will follow up with you for additional information.

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 9: CERTIFICATION OF COMPLIANCE WITH SECTION 34.600 RSMo., ET SEQ. (Anti-Discrimination Against Israel Act)

Effective August 28, 2020

(Does not apply to contracts totaling less than $100,000.00, or fewer than 10 employees.)

I am Anna Milbach (name), and am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial one]

AM. I hereby certify that the company is not currently engaged in and shall not, for the duration of the contract, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel, in accordance with the terms and conditions set forth in 34.600 RSMo., et seq.

or:

_____. The business employs less than 10 employees.

U.S. Bank N.A.

Company Name (List official name of Business Entity.)

Signature

Anna Milbach

Printed Name

Senior Vice President

Title

Revised: BC: 6-6-2023
Reviewed by Law:

RETURN THIS PAGE

FORM NO. 11: CERTIFICATION OF SIGNATURE AUTHORITY

I Anna Milbach (print name), am the Senior Vice President (title) of U.S. Bank N.A. (company name) a (circle one) corporation, partnership, sole proprietorship, limited liability company, and am competent and authorized to make the following statement and attest to its truthfulness:

[initial]

AM. I hereby certify that the signature on the contract document has the authority to sign contracts on behalf of the company and to legally bind the company in the execution of said contract documents.

U.S. Bank N.A.

Company Name (List Official Name of Business Entity)

Signature

Anna Milbach

Print Name

Senior Vice President

Title

EXPLANATION TO COUNCIL BILL 2024-046 (CARROLL)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Finance

TITLE: A special ordinance authorizing the City Manager, or designee, to enter into Addendum #1 to the annual agreement with the Springfield Convention & Visitors Bureau, Inc., executed on July 11, 2023; and amending the City's budget for Fiscal Year 2023-2024 in the amount of $159,810, for the purpose of reflecting current and projected operational changes of the Springfield Convention and Visitors Bureau.

PURPOSE: Approving an addendum to the Springfield Convention & Visitors Bureau, Inc. ("SCVB") annual agreement and amending the budget of the City for the Fiscal Year 2023-2024 to reflect current and projected operational changes.

BACKGROUND INFORMATION: The SCVB contracts annually with the City to produce economic impact in the city by generating overnight travel. Exhibits to the annual agreement include the operating budget and marketing plan; an addendum is necessary to amend the contract and its exhibits.

The SCVB's total revenue budgeted for Fiscal Year 2023-2024 was $4,321,700. This addendum increases the total revenue budget to $4,481,510 with $50,790 coming from SCVB's fund balance and increases budgeted expenditures from $4,321,700 to $4,481,510. The operating budget and marketing plan expenses are increased to accommodate board-approved expenditures and to reflect current and projected operational changes, as proposed in the addendum and the budget adjustment ("Exhibits 3 and 4").

REMARKS: The Bureau's 15-member board includes a Deputy City Manager and nine individuals appointed by the Mayor and confirmed by City Council. The Board has approved the revised Fiscal Year 2023-2024 Budget.

Submitted By: Buffee Smith, Contract Administrator

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. CVB FY24 Budget Revision_ord
2. FY24 Revised Revenue Budget - Current to Revised Comparison _exh 1
3. FY24 Revised Expense Budget - Current to Revised Comparison _exh 2
4. Addendum 2023-0810-01 -exh 3

5. CVB BA _exh 4

One-rdg. _____
P. Hrngs. _____
Pgs. 12
Filed: 03-05-24

Sponsored by: Carroll

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-046 SPECIAL ORDINANCE _____

AN ORDINANCE

AUTHORIZING the City Manager, or designee, to enter into Addendum #1 to the annual agreement with the Springfield Convention & Visitors Bureau, Inc., executed on July 11, 2023; and amending the City's budget for Fiscal Year 2023-2024 in the amount of $159,810, for the purpose of reflecting current and projected operational changes of the Springfield Convention and Visitors Bureau.

WHEREAS, the Springfield Convention & Visitors Bureau, Inc. (the "SCVB") contracts annually with the City to produce economic impact in the City by generating overnight travel; and

WHEREAS, the current annual agreement, executed on July 11, 2023, between the City and the SCVB was authorized by City Council's adoption of Special Ordinance 27860, on June 26, 2023; and

WHEREAS, the SCVB and the City desire to amend the current agreement, referenced as Contract No. 2023-0810, to reflect current and projected operational expenses, with copies of Revised Revenue and Expense Budgets attached hereto and incorporated herein by this reference as "Exhibit 1" and "Exhibit 2," respectively; and

WHEREAS, an amendment to the budget of the City for Fiscal Year 2023-2024 in the amount of $159,810 has been recommended by the City Manager to budget funds for this contract amendment.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The City Manager, or designee, is hereby authorized to enter into Addendum #1 to the annual agreement with the SCVB, said annual agreement being generally referenced as Contract No. 2023-0810, which was executed by all parties on or about July 11, 2023. Said addendum shall be substantially in similar form and content

as that document attached hereto and incorporated herein by this reference as “Exhibit 3.”

Section 2 – The budget of the City of Springfield for Fiscal Year 2023-2024 is hereby amended in the accounts and in the amounts as shown on the Budget Adjustment, a copy of which is attached hereto and incorporated herein by reference as “Exhibit 4.”

Section 3 – The City Manager, or designee, is directed to cause the appropriate accounting entries to be made in the books and records of the City.

Section 4 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Valek, Assistant City Attorney

Approved for Council action: Jason A. Gage, City Manager

Exhibit 1

Springfield Convention & Visitors Bureau

2023/2024 Budget - Revenue

Account Description	Account	2023/24 Original Budget	2023/24 Revised Budget	Variance - $	Variance - %
ROOM TAXES					
Room Tax Revenue	401540	**$3,358,500**	**$3,343,462**	**-$15,038**	**-0.4%**
INTEREST					
Interest Earnings	410010	**$12,500**	**$15,500**	**$3,000**	**24.0%**
ADVERTISING REVENUES					
Visitors Guide Advertising	413010.01	$190,000	$195,749	$5,749	3.0%
Route 66 Brochure/Map	413010.02	0	0	0	N/A
Coupons	413010.03	6,000	9,125	3,125	52.1%
Expo/Rt. 66 Displays	413010.04	2,400	2,400	0	0.0%
Poly Tote Bags	413010.05	0	0	0	N/A
Digital Advertising	413010.06	100,000	100,000	0	0.0%
Brochure Insertions	413010.07	6,000	6,000	0	0.0%
Airport Advertising	413010.08	0	0	0	N/A
Event Guide	413010.09	0	0	0	N/A
Mall Advertising	413010.10	0	0	0	N/A
Tap and Pour Guide	413010.11	32,000	36,000	4,000	12.5%
TOTAL ADVERTISING REV		**$336,400**	**$349,274**	**$12,874**	**3.8%**
CO-OP ADVERTISING REV					
Coop Partnerships	416020.01	$40,000	$35,000	-$5,000	-12.5%
MDT Coop Program (Leisure)	416020.02	500,000	606,652	106,652	21.3%
MDT Coop Program (Convention)	416020.03	2,000	0	-2,000	-100.0%
MDT Coop Program (Sports)	416020.04	0	0	0	N/A
Local Convention Co-op	416020.05	15,000	17,500	2,500	16.7%
Miscellaneous Partnerships	416020.06	0	0	0	N/A
TOTAL CO-OP REV		**$557,000**	**$659,152**	**$102,152**	**18.3%**
PARTNERSHIP REVENUE					
Marketing Partnerships	414110	**$0**	**$0**	**$0**	**N/A**
MISCELLANEOUS REV					
Sports Commission Management Fees	414100.01	$18,000	$18,000	$0	0.0%
Souvenir Sales	414100.02	15,500	18,807	3,307	21.3%
Other	414100.03	200	125	-75	-37.5%
Holding Account	414100.04	0	0	0	N/A
Hotel Shuttle & Facility Rental Rebates	414100.05	0	0	0	N/A
Hotel Trade Show Participation	414100.06	900	700	-200	-22.2%
Annual Banquet Sales	414100.07	20,000	23,000	3,000	15.0%
Chamber Partnerships	414100.08	2,700	2,700	0	0.0%
TOTAL MISC REV		**$57,300**	**$63,332**	**$6,032**	**10.5%**
TOTAL REVENUE		**$4,321,700**	**$4,430,720**	**$109,020**	**2.5%**
Transfer To/From Fund Balance		$0	50,790	50,790	N/A
GRAND TOTAL REVENUE		**$4,321,700**	**$4,481,510**	**$159,810**	**3.7%**

Exhibit 2

Springfield Convention and Visitors Bureau

2023/24 Budget - Proposed Expenses

Account Description	Account	2023/24 Original Budget	2023/24 Proposed Revised Budget	Variance - $	Variance - %	Percentage of Total Budget
PAYROLL						
Salaries and Wages	500110	$1,157,450	$1,120,040	-$37,410	-3.2%	25.0%
Temporary/Part-Time Wages	500130	52,800	90,005	$37,205	70.5%	2.0%
Retirement Contributions	500210	124,050	120,425	-$3,625	-2.9%	2.7%
FICA	500250	90,150	90,090	-$60	-0.1%	2.0%
Health Insurance	500260.01	141,800	136,435	-$5,365	-3.8%	3.0%
Unemployment Insurance	500260.02	3,350	3,585	$235	7.0%	0.1%
Workers Comp	500280	3,750	6,600	$2,850	76.0%	0.1%
TOTAL PAYROLL		**$1,573,350**	**$1,567,180**	**-$6,170**	**-0.4%**	**35.0%**
ADMINISTRATIVE						
Auditing and Accounting	504510	$5,825	$5,825	$0	0.0%	0.1%
Automobiles	502040	7,300	7,265	-$35	-0.5%	0.2%
Building Rental	505820.01	115,550	115,540	-$10	0.0%	2.6%
Utilities	505820.02	11,300	10,570	-$730	-6.5%	0.2%
Bldg Supplies/Repairs	505820.03	5,250	7,075	$1,825	34.8%	0.2%
Office Cleaning	505820.04	11,850	13,325	$1,475	12.4%	0.3%
Credit Card Fees	502070	5,000	5,000	$0	0.0%	0.1%
Data Processing	502140	1,050	1,050	$0	0.0%	0.0%
Dues and Subscriptions	502290	36,475	35,300	-$1,175	-3.2%	0.8%
Equipment Repair	502750	20,850	20,605	-$245	-1.2%	0.5%
Insurance Premiums	502230	13,000	11,535	-$1,465	-11.3%	0.3%
Minor Office Furn/Supplies	501190	4,200	2,415	-$1,785	-42.5%	0.1%
Misc. A & G	501260	22,000	16,920	-$5,080	-23.1%	0.4%
Office Supplies	501240	7,600	7,100	-$500	-6.6%	0.2%
Other Professional Services	504580	3,000	2,000	-$1,000	-33.3%	0.0%
Postage and Freight	502220	11,500	9,840	-$1,660	-14.4%	0.2%
Printing and Binding	502380	0	0	$0	N/A	0.0%
Telephone	505550	16,800	15,180	-$1,620	-9.6%	0.3%
Training Expense	504590	41,000	30,390	-$10,610	-25.9%	0.7%
TOTAL ADMINISTRATIVE		**$339,550**	**$316,935**	**-$22,615**	**-6.7%**	**7.1%**
MARKETING						
ADVERTISING						
Ad Production	505010	$229,000	$202,790	-$26,210	-11.4%	4.5%
Billboards	505020	128,000	129,300	$1,300	1.0%	2.9%
Brochure and Printed Material	505030	179,200	182,185	$2,985	1.7%	4.1%
Direct Mail	505050	68,575	34,715	-$33,860	-49.4%	0.8%
Digital Advertising	505060.01	395,000	442,460	$47,460	12.0%	9.9%
Other Advertising	505060.02	460,000	465,385	$5,385	1.2%	10.4%
Print Advertising	505070	127,500	127,500	$0	0.0%	2.8%
Radio and TV Advertising	505080	185,000	185,000	$0	0.0%	4.1%
TOTAL ADVERTISING		**$1,772,275**	**$1,769,335**	**-$2,940**	**-0.2%**	**39.5%**
TRAVEL						
Travel Expenses	505690	**$44,850**	**$38,270**	**-$6,580**	**-14.7%**	**0.9%**
OTHER MARKETING						
Market Research	502470	$52,525	$155,865	$103,340	196.7%	3.5%
Group Incentives	502120	79,450	101,245	$21,795	27.4%	2.3%
Entertainment	502200	10,725	10,050	-$675	-6.3%	0.2%

Exhibition Fees	504640	51,325		38,715		-$12,610	-24.6%	0.9%
FAM Tour Expense	504650	23,600		27,250		$3,650	15.5%	0.6%
Misc. Marketing Expense	502280.01	26,275		28,085		$1,810	6.9%	0.6%
Misc. Convention Marketing	502280.02	40,450		41,005		$555	1.4%	0.9%
Digital Marketing	502280.03	155,650		153,100		-$2,550	-1.6%	3.4%
Airport/Expo Concession Fees	502280.04	1,600		0		-$1,600	-100.0%	0.0%
Photo Processing	502360	0		0		$0	N/A	0.0%
Public Relations	502400.01	54,600		54,345		-$255	-0.5%	1.2%
Event Public Relations	502400.02	12,900		20,175		$7,275	56.4%	0.5%
Annual Banquet Expenses	502400.03	25,450		50,000		$24,550	96.5%	1.1%
Speciality Items	504620	25,900		25,500		-$400	-1.5%	0.6%
Receptions	504660	2,700		3,400		$700	25.9%	0.1%
TOTAL OTHER MARKETING		**$563,150**		**$708,735**		**$145,585**	**25.9%**	**15.8%**
TOTAL MARKETING		**$2,380,275**		**$2,516,340**		**$136,065**	**5.7%**	**56.1%**
CONVENTION SERVICES								
Misc. Convention Services	504540.01	$3,500		$2,425		-$1,075	-30.7%	0.1%
Convention Housing Expenses	504540.02	5,500		9,840		$4,340	78.9%	0.2%
Sports Commission Sponsorship	504540.03	0		45,585		$45,585	N/A	
Shuttle Service	504610	0		0		$0	N/A	0.0%
TOTAL CONVENTION SERVICES		**$9,000**		**$57,850**		**$48,850**	**542.8%**	**1.3%**
CONTINGENCY								
Contingency	502780	**$0**		**$0**		**$0**	**N/A**	**0.0%**
CAPITAL EXPENSES								
Office Furniture and Equipment	508110.01	$0		$0		$0	N/A	0.0%
Building Improvement Expenses	508110.02	0		0		$0	N/A	0.0%
Computer Hardware	501220	7,500		9,015		$1,515	20.2%	0.2%
Computer Software	501230	12,025		14,190		$2,165	18.0%	0.3%
Other Equipment	508170	0		0		$0	N/A	0.0%
Destination Springfield	508220	0		0		$0	N/A	0.0%
TOTAL CAPITAL EXPENSES		**$19,525**		**$23,205**		**$3,680**	**18.8%**	**0.5%**
TOTAL BUREAU EXPENSES		**$4,321,700**		**$4,481,510**		**$159,810**	**3.7%**	**100.0%**
				$4,481,510				
				$0				

Exhibit 3

ROUTING ORDER	(1) ORIGINATING DEPARTMENT	(2) CONTRACTOR	(3) FINANCE DEPARTMENT
	(4) LAW DEPARTMENT	(5) CITY MANAGER'S OFFICE	(6) CITY CLERK'S OFFICE
EFFECTIVE DATE	TERMINATION DATE	ADDENDUM #. **01** TO CONTRACT **# 2023-0810**	

CITY	CONTRACTOR
City of Springfield **840 Boonville, P.O. Box 8368** **Springfield, MO 65802** **Phone: (417) 864-1625** **Attn: David Holtmann, Director of Finance**	**Springfield Convention & Visitors Bureau, Inc.** **815 E. St. Louis Street, Suite 100** **Springfield, MO 65806** **Phone: (417) 866-5253** **Attn: Mark Hecquet**

ADDENDUM

Entered into this _____ day of _____, 20___, for good and valuable consideration, the undersigned hereby agree that this Addendum shall become part of that certain Contract executed on the 11th day of July, 2023, by the parties identified above.

The parties agree as follows:

1. That Exhibit 2 is deleted and replaced with Amended Exhibit 2 attached hereto and incorporated herein by reference.
2. That all other provisions of the aforementioned Contract shall remain in full force and effect.
3. That this Addendum together with the Contract contain the entire agreement of the parties. No modification, amendment or waiver of any of the provisions of this Contract shall be effective unless in writing specifically referring hereto and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year herein stated.

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefor.

_____
Director of Finance or Acting Director

APPROVED AS TO FORM

_____
City Attorney or designee

SPRINGFIELD CONVENTION & VISITORS BUREAU, INC.

By: _____

Name & Title:_____

Attest:

_____
Secretary or designee

CITY OF SPRINGFIELD, MISSOURI

By:_____
City Manager or designee

Amended Exhibit 2

Springfield Convention & Visitors Bureau

2023/2024 Budget - Revenue

Account Description	Account	2023/24 Original Budget		2023/24 Revised Budget		Variance - $	Variance - %
ROOM TAXES							
Room Tax Revenue	401540	**$3,358,500**		**$3,343,462**		**-$15,038**	**-0.4%**
INTEREST							
Interest Earnings	410010	**$12,500**		**$15,500**		**$3,000**	**24.0%**
ADVERTISING REVENUES							
Visitors Guide Advertising	413010.01	$190,000		$195,749		$5,749	3.0%
Route 66 Brochure/Map	413010.02	0		0		0	N/A
Coupons	413010.03	6,000		9,125		3,125	52.1%
Expo/Rt. 66 Displays	413010.04	2,400		2,400		0	0.0%
Poly Tote Bags	413010.05	0		0		0	N/A
Digital Advertising	413010.06	100,000		100,000		0	0.0%
Brochure Insertions	413010.07	6,000		6,000		0	0.0%
Airport Advertising	413010.08	0		0		0	N/A
Event Guide	413010.09	0		0		0	N/A
Mall Advertising	413010.10	0		0		0	N/A
Tap and Pour Guide	413010.11	32,000		36,000		4,000	12.5%
TOTAL ADVERTISING REV		**$336,400**		**$349,274**		**$12,874**	**3.8%**
CO-OP ADVERTISING REV							
Coop Partnerships	416020.01	$40,000		$35,000		-$5,000	-12.5%
MDT Coop Program (Leisure)	416020.02	500,000		606,652		106,652	21.3%
MDT Coop Program (Convention)	416020.03	2,000		0		-2,000	-100.0%
MDT Coop Program (Sports)	416020.04	0		0		0	N/A
Local Convention Co-op	416020.05	15,000		17,500		2,500	16.7%
Miscellaneous Partnerships	416020.06	0		0		0	N/A
TOTAL CO-OP REV		**$557,000**		**$659,152**		**$102,152**	**18.3%**
PARTNERSHIP REVENUE							
Marketing Partnerships	414110	**$0**		**$0**		**$0**	**N/A**
MISCELLANEOUS REV							
Sports Commission Management Fees	414100.01	$18,000		$18,000		$0	0.0%
Souvenir Sales	414100.02	15,500		18,807		3,307	21.3%
Other	414100.03	200		125		-75	-37.5%
Holding Account	414100.04	0		0		0	N/A
Hotel Shuttle & Facility Rental Rebates	414100.05	0		0		0	N/A
Hotel Trade Show Participation	414100.06	900		700		-200	-22.2%
Annual Banquet Sales	414100.07	20,000		23,000		3,000	15.0%
Chamber Partnerships	414100.08	2,700		2,700		0	0.0%
TOTAL MISC REV		**$57,300**		**$63,332**		**$6,032**	**10.5%**
TOTAL REVENUE		**$4,321,700**		**$4,430,720**		**$109,020**	**2.5%**
Transfer To/From Fund Balance		$0		50,790		50,790	N/A
GRAND TOTAL REVENUE		**$4,321,700**		**$4,481,510**		**$159,810**	**3.7%**

Springfield Convention and Visitors Bureau

2023/24 Budget - Proposed Expenses

Account Description	Account	2023/24 Original Budget		2023/24 Proposed Revised Budget		Variance - $	Variance - %	Percentage of Total Budget
PAYROLL								
Salaries and Wages	500110	$1,157,450		$1,120,040		-$37,410	-3.2%	25.0%
Temporary/Part-Time Wages	500130	52,800		90,005		$37,205	70.5%	2.0%
Retirement Contributions	500210	124,050		120,425		-$3,625	-2.9%	2.7%
FICA	500250	90,150		90,090		-$60	-0.1%	2.0%
Health Insurance	500260.01	141,800		136,435		-$5,365	-3.8%	3.0%
Unemployment Insurance	500260.02	3,350		3,585		$235	7.0%	0.1%
Workers Comp	500280	3,750		6,600		$2,850	76.0%	0.1%
TOTAL PAYROLL		**$1,573,350**		**$1,567,180**		**-$6,170**	**-0.4%**	**35.0%**
ADMINISTRATIVE								
Auditing and Accounting	504510	$5,825		$5,825		$0	0.0%	0.1%
Automobiles	502040	7,300		7,265		-$35	-0.5%	0.2%
Building Rental	505820.01	115,550		115,540		-$10	0.0%	2.6%
Utilities	505820.02	11,300		10,570		-$730	-6.5%	0.2%
Bldg Supplies/Repairs	505820.03	5,250		7,075		$1,825	34.8%	0.2%
Office Cleaning	505820.04	11,850		13,325		$1,475	12.4%	0.3%
Credit Card Fees	502070	5,000		5,000		$0	0.0%	0.1%
Data Processing	502140	1,050		1,050		$0	0.0%	0.0%
Dues and Subscriptions	502290	36,475		35,300		-$1,175	-3.2%	0.8%
Equipment Repair	502750	20,850		20,605		-$245	-1.2%	0.5%
Insurance Premiums	502230	13,000		11,535		-$1,465	-11.3%	0.3%
Minor Office Furn/Supplies	501190	4,200		2,415		-$1,785	-42.5%	0.1%
Misc. A & G	501260	22,000		16,920		-$5,080	-23.1%	0.4%
Office Supplies	501240	7,600		7,100		-$500	-6.6%	0.2%
Other Professional Services	504580	3,000		2,000		-$1,000	-33.3%	0.0%
Postage and Freight	502220	11,500		9,840		-$1,660	-14.4%	0.2%
Printing and Binding	502380	0		0		$0	N/A	0.0%
Telephone	505550	16,800		15,180		-$1,620	-9.6%	0.3%
Training Expense	504590	41,000		30,390		-$10,610	-25.9%	0.7%
TOTAL ADMINISTRATIVE		**$339,550**		**$316,935**		**-$22,615**	**-6.7%**	**7.1%**
MARKETING								
ADVERTISING								
Ad Production	505010	$229,000		$202,790		-$26,210	-11.4%	4.5%
Billboards	505020	128,000		129,300		$1,300	1.0%	2.9%
Brochure and Printed Material	505030	179,200		182,185		$2,985	1.7%	4.1%
Direct Mail	505050	68,575		34,715		-$33,860	-49.4%	0.8%
Digital Advertising	505060.01	395,000		442,460		$47,460	12.0%	9.9%
Other Advertising	505060.02	460,000		465,385		$5,385	1.2%	10.4%
Print Advertising	505070	127,500		127,500		$0	0.0%	2.8%
Radio and TV Advertising	505080	185,000		185,000		$0	0.0%	4.1%
TOTAL ADVERTISING		**$1,772,275**		**$1,769,335**		**-$2,940**	**-0.2%**	**39.5%**
TRAVEL								
Travel Expenses	505690	**$44,850**		**$38,270**		**-$6,580**	**-14.7%**	**0.9%**
OTHER MARKETING								
Market Research	502470	$52,525		$155,865		$103,340	196.7%	3.5%
Group Incentives	502120	79,450		101,245		$21,795	27.4%	2.3%
Entertainment	502200	10,725		10,050		-$675	-6.3%	0.2%

Exhibition Fees	504640	51,325		38,715		-$12,610	-24.6%	0.9%
FAM Tour Expense	504650	23,600		27,250		$3,650	15.5%	0.6%
Misc. Marketing Expense	502280.01	26,275		28,085		$1,810	6.9%	0.6%
Misc. Convention Marketing	502280.02	40,450		41,005		$555	1.4%	0.9%
Digital Marketing	502280.03	155,650		153,100		-$2,550	-1.6%	3.4%
Airport/Expo Concession Fees	502280.04	1,600		0		-$1,600	-100.0%	0.0%
Photo Processing	502360	0		0		$0	N/A	0.0%
Public Relations	502400.01	54,600		54,345		-$255	-0.5%	1.2%
Event Public Relations	502400.02	12,900		20,175		$7,275	56.4%	0.5%
Annual Banquet Expenses	502400.03	25,450		50,000		$24,550	96.5%	1.1%
Speciality Items	504620	25,900		25,500		-$400	-1.5%	0.6%
Receptions	504660	2,700		3,400		$700	25.9%	0.1%
TOTAL OTHER MARKETING		**$563,150**		**$708,735**		**$145,585**	**25.9%**	**15.8%**
TOTAL MARKETING		**$2,380,275**		**$2,516,340**		**$136,065**	**5.7%**	**56.1%**
CONVENTION SERVICES								
Misc. Convention Services	504540.01	$3,500		$2,425		-$1,075	-30.7%	0.1%
Convention Housing Expenses	504540.02	5,500		9,840		$4,340	78.9%	0.2%
Sports Commission Sponsorship	504540.03	0		45,585		$45,585	N/A	
Shuttle Service	504610	0		0		$0	N/A	0.0%
TOTAL CONVENTION SERVICES		**$9,000**		**$57,850**		**$48,850**	**542.8%**	**1.3%**
CONTINGENCY								
Contingency	502780	**$0**		**$0**		**$0**	**N/A**	**0.0%**
CAPITAL EXPENSES								
Office Furniture and Equipment	508110.01	$0		$0		$0	N/A	0.0%
Building Improvement Expenses	508110.02	0		0		$0	N/A	0.0%
Computer Hardware	501220	7,500		9,015		$1,515	20.2%	0.2%
Computer Software	501230	12,025		14,190		$2,165	18.0%	0.3%
Other Equipment	508170	0		0		$0	N/A	0.0%
Destination Springfield	508220	0		0		$0	N/A	0.0%
TOTAL CAPITAL EXPENSES		**$19,525**		**$23,205**		**$3,680**	**18.8%**	**0.5%**
TOTAL BUREAU EXPENSES		**$4,321,700**		**$4,481,510**		**$159,810**	**3.7%**	**100.0%**
				$4,481,510				
				$0				

CITY OF SPRINGFIELD, MO
BUDGET ADJUSTMENT

Exhibit 4

Budget Adjustment
056

Revenues:

Fund	Dept	Org	Account	P&G	Location	Amount	Description
29510	14	22010	401540	000000	00000	(15,038)	Room Tax Revenue
29510	14	22010	410010	000000	00000	3,000	Interest Earnings
29510	14	22010	413010	000000	00000	12,874	Advertising Revenue
29510	14	22010	416020	000000	00000	102,152	Co-Op Advertising Revenue
29510	14	22010	414100	000000	00000	6,032	Misc. Revenue
Net Revenue Adjustment						$ 109,020	

Expenditures:

Fund	Dept	Org	Account	P&G	Location	Amount	Description
29510	14	22010	500110	000000	00000	$ (37,410)	Salaries and Wages
29510	14	22010	500130	000000	00000	37,205	Temporary/Part-Time Wages
29510	14	22010	500210	000000	00000	(3,625)	Retirement Contributions
29510	14	22010	500250	000000	00000	(60)	FICA
29510	14	22010	500260	000000	00000	(5,130)	Insurance
29510	14	22010	500280	000000	00000	2,850	Workers Comp
29510	14	22010	502040	000000	00000	(35)	Automobiles
29510	14	22010	505820	000000	00000	2,560	Building Rental
29510	14	22010	502290	000000	00000	(1,175)	Dues & Subscriptions
29510	14	22010	502750	000000	00000	(245)	Equipment Repair
29510	14	22010	502230	000000	00000	(1,465)	Insurance Premiums
29510	14	22010	501190	000000	00000	(1,785)	Minor Office Supplies
29510	14	22010	501260	000000	00000	(5,080)	Miscellaneous A&G
29510	14	22010	501240	000000	00000	(500)	Office Supplies
29510	14	22010	504580	000000	00000	(1,000)	Other Professional Services
29510	14	22010	502220	000000	00000	(1,660)	Postage and Freight
29510	14	22010	505550	000000	00000	(1,620)	Telephone
29510	14	22010	504590	000000	00000	(10,610)	Training Expense
29510	14	22010	505010	000000	00000	(26,210)	Ad Production
29510	14	22010	505020	000000	00000	1,300	Billboards
29510	14	22010	505030	000000	00000	2,985	Brochure and Printed Material
29510	14	22010	505050	000000	00000	(33,860)	Direct Mail
29510	14	22010	505060	000000	00000	52,845	Other Advertising
29510	14	22010	505690	000000	00000	(6,580)	Travel Expenses
29510	14	22010	502470	000000	00000	103,340	Market Research
29510	14	22010	502120	000000	00000	21,795	Group Incentives
29510	14	22010	502200	000000	00000	(675)	Entertainment
29510	14	22010	504640	000000	00000	(12,610)	Exhibition Fees
29510	14	22010	504650	000000	00000	3,650	FAM Tour Expense
29510	14	22010	502280	000000	00000	(1,785)	Marketing
29510	14	22010	502400	000000	00000	31,570	Public Relations
29510	14	22010	504620	000000	00000	(400)	Specialty Items
29510	14	22010	504660	000000	00000	700	Receptions
29510	14	22010	504540	000000	00000	48,850	Convention Services
29510	14	22010	501220	000000	00000	1,515	Computer Hardware
29510	14	22010	501230	000000	00000	2,165	Computer Software
Net Expenditure Adjustment						$ 159,810	

Fund Balance Appropriation:

Fund		Title	Amount
29510		Fund Balance Transfer	(50,790)

Explanation: To amend the FY2023-24 budget to accommodate adjustments to line items reflecting current and projected operational changes for the Convention and Visitors Bureau and appropriating fund balance.

Requested By:

3-05-24
Department Head Date

Approved By:

3-05-24
Director of Finance Date

City Manager Date

Authorization:

Council Bill No. 2024-046
Ordinance No.
1st Reading
2nd Reading
Journal Imp No.

EXPLANATION TO COUNCIL BILL 2024-047 (LEE)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Human Resources

TITLE: A general ordinance amending the Springfield City Code, Section 2-92, known as the "Salary Ordinance," relating to various job titles within the City service as contained in the Classifications of the Professional, Administrative and Technical Non-Union Schedule by amending said schedule to add two new job titles and delete one job title; and the Crafts, Trades and Labor Union Schedule by amending said schedule to add one new job title.

PURPOSE: To amend the Springfield City Code, Section 2-92, known as the 'Salary Ordinance,' relating to salary grades for various job titles within the City service as contained in the Classifications of the Professional, Administrative, and Technical ("PAT") Non-Union Schedule by adding two (2) new job titles to such schedule and deleting one (1) job title from such schedule; and in the Classifications of the Crafts, Trades and Labor ("CTL") Union Schedule by adding one (1) new job title to such schedule.

BACKGROUND INFORMATION: This Ordinance contains recommendations related to routine job title additions due to completed job studies and career ladder reviews. Job title additions include Airport Customer Service Representative, PAT-4, Senior City Clerk Administrative Specialist, PAT-5 and Landfill Equipment Operator, CTL-10. The job title deletion includes the Airport Customer Service Representative, PAT-3.

REMARKS: The recommendations related to the job titles contained herein are consistent with Council's policies. It is respectfully requested that Council give consideration and approval to these changes.

Submitted By: Darla Morrison, Director of Human Resources

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments: 1. HR Salary Ordinance, Job Titles_ ord

One-rdg. _____
P. Hrngs. _____
Pgs. 3
Filed: 03-05-24

Sponsored by: Lee

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-047 GENERAL ORDINANCE _____

AN ORDINANCE

AMENDING the Springfield City Code, Section 2-92, known as the "Salary Ordinance," relating to various job titles within the City service as contained in the Classifications of the Professional, Administrative and Technical Non-Union Schedule by amending said schedule to add two new job titles and delete one job title; and the Crafts, Trades and Labor Union Schedule by amending said schedule to add one new job title.

_____

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

NOTE: **Bold** language is being added and ~~stricken~~ language is being deleted.

Section 1 – Springfield City Code, Section 2-92, known as the 'Salary Ordinance,' relating to various salary grades for various job titles within the City service as contained in the Classifications of the Professional, Administrative and Technical Non-Union Schedule is hereby amended by adding and deleting the following job titles:

Proposed Job Title and Salary Grade
(Titles to be Added)

Classification:	Salary Grade:
Airport Customer Service Representative	**PAT-4**
Senior City Clerk Administrative Specialist	**PAT-5**

Proposed Job Title and Salary Grade
(Titles to be deleted)

Classification:	Salary Grade:
~~Airport Customer Service Representative~~	~~PAT-3~~

Section 2 – Springfield City Code, Section 2-92, known as the 'Salary Ordinance,' relating to various salary grades for various job titles within the City service as contained in the Classifications of the Crafts, Trades and Labor Union Schedule is hereby amended by adding the following job title:

Proposed Job Title and Salary Grade
(Title to be Added)

Classification:	Salary Grade:
Landfill Equipment Operator	**CTL-10**

Section 3 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: _____, Assistant City Attorney

Approved for Council action: _____, City Manager

EXPLANATION TO COUNCIL BILL 2024-048 (SIMPSON, CARROLL, MCGULL, H

FILED: 03/12/2024

ORIGINATING DEPARTMENT: City Manager

TITLE: A general ordinance amending Special Ordinance 27964 to revise funding appropriated for continuing COVID-19 services; amending the budget for Fiscal Year 2023-2024 to appropriate funds from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, for certain projects in the amount of $1,439,692, as recommended by the City Council ARPA Review Committee.

PURPOSE: Amending Special Ordinance 27964 to revise funding appropriated for continuing COVID-19 services; amending the budget for Fiscal Year 2023-2024 to appropriate funds from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021 ("ARPA"), for two projects in the amount of $1,439,692 as recommended by the City Council ARPA Review Committee.

BACKGROUND INFORMATION: The American Rescue Plan Act ("ARPA") of 2021 was passed by Congress on March 10, 2021, and signed into law on March 11, 2021. The Act provides $1.9 trillion in aid for families, governments, businesses, schools, non-profits, and others impacted by COVID-19. The Act includes, among other things $656 billion for direct financial assistance to individuals, businesses and non-profits; $56 billion in assistance to individuals and families; $211 billion for education and childcare programs; $86 billion for health programs; $40 billion for transportation, including airports and rail; $61 billion for a variety of other programs and $350 billion for state and local governments in a Fiscal Recovery Fund.

Of the $350 billion in the state and local ARPA Fiscal Recovery Fund administered by the U.S. Department of the Treasury, the City of Springfield directly received an allocation of $40,276,290. The City award of $40,276,290 in ARPA Funds was accepted by City Council through Special Ordinance 27538 passed on July 26, 2021.

City Council, through Special Ordinance 27550 adopted on August 23, 2021, set aside $8,000,000 to provide critical services, staffing, supplies, and support for operations of the COVID-19 response of the City as may be necessary.

City Council, through Special Ordinance 27730 and Special Ordinance 27731 adopted on July 25, 2022, approved funding for a variety of projects and amended the amount of ARPA funds set aside and appropriated to support any need for continuing COVID-19 critical services from $8,000,000 to $3,026,290.

Special Ordinance 27775 was adopted by City Council on November 14, 2022, and

amended the budget for Fiscal Year 2022-2023 from $3,026,290 to $2,776,290 for support for continuing COVID-19 critical services, if necessary, and approved funding for two additional projects with these funds.

Special Ordinance 27834 was adopted by City Council on May 22, 2023, and amended the amount of ARPA funds appropriated to support any continuing COVID-19 services from $2,776,290 to $2,456,290. The funds appropriated with special ordinance 27834 was for the authorization of FORVIS, LLP to provide grant compliance services and subrecipient monitoring for external entities receiving ARPA funds.

Special Ordinance 27964 was adopted by City Council on February 26, 2024 and amended the amount of ARPA funds for the Council of Churches of the Ozarks congregate shelter proposal in the amount of $1,100,000. The ARPA funds appropriated to support continuing COVID-19 services was amended from $2,456,290 to $1,356,290.

With the approval of this ordinance, the funding appropriated to support any remaining COVID-19 services will be reduced to $0 from $1,356,290. This funding plus an additional $83,402, which was returned to the ARPA fund, equals $1,439,692 and is the available pool for funding projects. The City ARPA Review committee met on February 15, 2024, and recommended that the remaining available ARPA funds be allocated/reallocated to the following projects:

- Historic City Hall additional funding of $534,190

- Cooper Park/ Killian Park project additional funding of $905,502

With the approval of this Ordinance, all of the City ARPA funds will be allocated, and a budget adjustment will be approved for Fiscal Year 2023-2024 for additional funds for the Historic City Hall and Cooper/Killian park projects.

Submitted By:

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. ARPA funding ord - Covid-19 _ord
2. ARPA Funding Reallocation - Cooper-Killian and Historic City Hall BA

One-rdg. _____
P. Hrngs. _____
Pgs. _____6_____
Filed: ____03-05-24_____

Sponsored by: Simpson, Carroll, McGull, Hardinger_

First Reading: _____ Second Reading: _____

COUNCIL BILL ____2024-048_____ GENERAL ORDINANCE_____

AN ORDINANCE

AMENDING Special Ordinance 27964 to revise funding appropriated for continuing COVID-19 services; amending the budget for Fiscal Year 2023-2024 to appropriate funds from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, for certain projects in the amount of $1,439,692, as recommended by the City Council ARPA Review Committee.

_____

WHEREAS, the American Rescue Plan Act of 2021 ("ARPA"), signed into law on March 11, 2021, established Coronavirus State and Local Fiscal Recovery Funds to provide emergency funding for eligible state, local, territorial, and Tribal governments; and

WHEREAS, the City was awarded $40,276,290 in Coronavirus State and Local Fiscal Recovery Funds, and City Council accepted these ARPA funds through Special Ordinance 27538 passed on July 26, 2021; and

WHEREAS, City Council, through Special Ordinance 27550 adopted on August 23, 2021, set aside $8,000,000 to provide critical services, staffing, supplies, and support for operations of the COVID-19 response of the City; and

WHEREAS, City Council, through Special Ordinance 27730 and Special Ordinance 27731 adopted on July 25, 2022, amended the amount of ARPA funds appropriated to support continuing COVID-19 critical services from $8,000,000 to $3,026,290; and

WHEREAS, City Council, through Special Ordinance 27775 adopted on November 14, 2022, amended the amount of ARPA funds appropriated to support continuing COVID-19 critical services from $3,026,290 to $2,776,290; and

WHEREAS, City Council through Special Ordinance 27834 adopted on May 22, 2023, amended the amount of ARPA funds appropriated to support continuing COVID-19 critical services from $2,776,290 to $2,456,290 for the purpose of grant compliance

and external monitoring of ARPA projects; and

WHEREAS, of the $4,973,710 appropriated by Special Ordinance 27730, $83,402 was determined to be an unallowable expense and not expended, increasing the amount of unencumbered ARPA funds from $2,456,290 to $2,539,642; and

WHEREAS, City Council through Special Ordinance 27964 adopted on February 26, 2024, amended the amount of ARPA funds appropriated to support continuing COVID-19 critical services from $2,539,642 to $1,439,692; and

WHEREAS, the City Council ARPA Review Committee met on February 15, 2024, and voted to recommend funding the City's Historic City Hall project in the amount of $534,190 and the City's Cooper Park / Killian Park project in the amount of $905,502 for a total of $1,439,692 from the funds appropriated to support continuing COVID-19 critical services.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – Special Ordinance 27964, Section 1, is hereby amended to change the amount of ARPA funds appropriated to support continuing COVID-19 critical services from $1,439,692 to $0.

Section 2 – The budget for Fiscal Year 2023-2024 is hereby amended in the accounts and in the amounts as shown on Budget Adjustment No. 057, a copy of which is attached hereto and incorporated herein by reference as "Exhibit A," to appropriate $1,439,692 from the City's Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, $534,190 for the City's Historic City Hall project, and $905,502 for the City's Cooper Park / Killian Park project, as recommended by the City Council ARPA Review Committee.

Section 3 – City Council finds the budget adjustment has been recommended by the City Manager.

Section 4 – The City Manager, or designee, is directed to cause the appropriate accounting entries to be made in the books and records of the City.

Section 5 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: _____, City Attorney

Approved for Council action: _____, City Manager

CITY OF SPRINGFIELD, MO
BUDGET ADJUSTMENT

Exhibit A

Budget Adjustment
057

Revenues:

Fund	Dept	Org	Account	P&G	Location	Amount	Description
Net Revenue Adjustment						$ -	

Expenditures:

Fund	Dept	Org	Account	P&G	Location	Amount	Description
22520	16	18050	509110	103230	00000	$ 905,502	Cooper/Killian Park Projects
22520	20	18050	509110	100912	00000	534,190	Historic City Hall Renovation
22520	11	18030	500110	000000	00000	(1,151,547)	Reallocate COVID-19 response funding for Health
22520	11	18030	504580	000000	00000	(288,145)	Reallocate COVID-19 response funding for Health
Net Expenditure Adjustment						$ -	

Fund Balance Appropriation:

Fund		Title	Amount

Explanation: To amend the FY2023-24 budget by reappropriating American Rescue Plan Act funds allocation from the Springfield-Greene County Health Department to the Cooper/Killian Park projects and the Historic City Hall project.

Requested By: 3-05-24
Department Head Date

Approved By: 3-05-24
Director of Finance Date

City Manager Date

Authorization:
Council Bill No. 2024-048
Ordinance No.
1st Reading
2nd Reading
Journal Imp No.

EXPLANATION TO COUNCIL BILL 2024-051 (MCGULL)

FILED: 03/08/2024

ORIGINATING DEPARTMENT: Finance

TITLE: A special ordinance authorizing the City Manager, or designee, to enter into Amendment No. 1 to House Bill 7 Funding Agreement 2024 with the State of Missouri Department of Economic Development for the purpose of accepting $120,000 appropriated by the Missouri General Assembly to support maintenance and improvements to Hammons Field.

PURPOSE: Authorizing the City Manager, or designee, to amend the agreement with the State of Missouri Department of Economic Development to increase the "Maximum Funding Amount" to $4,000,000 from $3,880,000, as was previously agreed to in Council Bill 2023-262, and approved by City Council on November 6, 2023.

BACKGROUND INFORMATION: The Missouri General Assembly appropriated funds ($4,000,000 subject to a 3% reduction ($120,000) for the Governor's Reserve) from the General Revenue Funds to the Department of Economic Development ("DED") in House Bill 7.023, Fiscal Year 2024, in the amount of $4,000,000 for the maintenance and improvements of sports complex ("Hammons Field") with the City of Springfield. The City entered into the agreement with DED and received reimbursement totaling $3,880,000, under Council Bill 2023-262. The Governor has released the reserve of $120,000 and has made available the funds to the City under the same agreement with the provision of modifying the agreement for the full $4,000,000 award and removing the original 3% reserve reduction. The original agreement allowed the City to seek reimbursement for the City's $4,000,000 contribution made into the capital improvement fund to make the immediate Major League Baseball-mandated improvements to Hammons Field during the acquisition of the complex. The original state reimbursement of $3,880,000 was deposited into the City's General Fund, and the remaining $120,000 reserve allocation will also be deposited into the City's General Fund, which is the funding source of the original capital deposit.

Submitted By: David Holtmann, Director of Finance

Authorized for inclusion on the agenda pursuant to City Code section 2-33:
Collin Quigley, Deputy City Manager 3/15/2024

Attachments:
1. HB7 DED Hammons Field_ord
2. HB 7 Amendment 1_Exh A
3. House Bill 7_Exh B

One-rdg. X
P. Hrngs. _____
Pgs. 12
Filed: 03-19-24

Sponsored by: McGull

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-051 SPECIAL ORDINANCE _____

AN ORDINANCE

AUTHORIZING the City Manager, or designee, to enter into Amendment No. 1 to House Bill 7 Funding Agreement 2024 with the State of Missouri Department of Economic Development for the purpose of accepting $120,000 appropriated by the Missouri General Assembly to support maintenance and improvements to Hammons Field.

WHEREAS, on or about December 5, 2023, the City entered into a funding agreement with the Missouri Department of Economic Development, a copy of which is attached hereto and incorporated by reference as "Exhibit B," pursuant to which the City was to receive certain funds appropriated by the Missouri General Assembly for maintenance and improvements to Hammons Field; and

WHEREAS, the December 5, 2023, funding agreement provided that all appropriations from the State of Missouri were reduced by 3% for the Governor's Reserve; and

WHEREAS, since entering into the funding agreement with the Missouri Department of Economic Development, the State of Missouri has released the 3% Governor's Reserve; and

WHEREAS, the City now wishes to accept and the Missouri Department of Economic Development wishes to grant to the City the 3% Governor's Reserve, consisting of $120,000.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The City Manager, or designee, is hereby authorized to enter into Amendment No. 1 to House Bill 7 Funding Agreement 2024 with the Missouri Department of Economic Development for the purpose of accepting $120,000 appropriated by the Missouri General Assembly to support maintenance and

improvements to Hammons field. The Amendment No. 1 to House Bill 7 Funding Agreement 2024 is attached hereto and incorporated herein as “Exhibit A.”

Section 2 – That the City Manager, or designee, is hereby authorized and directed to execute said Agreement by and on behalf of the City of Springfield.

Section 3 – This Ordinance, authorizing the City to enter into a contract with the state of Missouri for the purpose of receiving grant monies from the same, may be passed at the meeting at the council at which it is introduced pursuant to section 2.16(25) of the Home Rule Charter of the City of Springfield, Missouri.

Section 4 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: _____, Assistant City Attorney

Approved for Council action: _____, City Manager

Exhibit A

Missouri Department of
Economic Development

Amendment No. 1 to House Bill 7 Funding Agreement
2024

This Amendment No. 1 to the Missouri Department of Economic Development House Bill 7 Funding Agreement, dated December 5, 2023, between The City of Springfield, Missouri, a political subdivision ("Recipient"), and the Missouri Department of Economic Development ("DED") (the "Agreement"), shall be effective as of March 1, 2024. Capitalized terms are as defined in the Agreement or this Amendment.

To reflect the release of the 3% Governor's Reserve applied to the Maximum Funding Amount for FY24, the Parties agree as follows:

(1) Section 1 of the Agreement, "Maximum Funding Amount" is amended to replace "$3,880,000" with "$4,000,000"; and

(2) Section 2.2 is amended to eliminate all of the words in the section and replace them with "[Intentionally omitted.]".

All other terms and conditions of the Agreement have remained and shall continue to remain unchanged.

Department of Economic Development
By:

_____ _____
Michelle Hataway, Acting Director Date signed

The City of Springfield, Missouri
By:

_____ _____
Jason Gage, City Manager Date signed

Approved as to Form

CERTIFICATE OF DIRECTOR OF FINANCE
I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefor.

_____ _____
City Attorney, or Designee Director of Finance or Acting Director

Exhibit B

Missouri Department of
Economic Development

House Bill 7 Funding Agreement
Fiscal Year 2024

This agreement ("Agreement") is entered into by and between the Department of Economic Development, an executive branch agency of the State of Missouri ("DED"), and Recipient (together with DED a "Party" or collectively the "Parties").

1. IDENTIFYING INFORMATION

A field with an asterisk (*) is a defined term in this Agreement.

RECIPIENT* The City of Springfield, Missouri	RECIPIENT'S PARENT (if applicable) Not applicable
STATE OF ORGANIZATION Missouri	TYPE OF ENTITY Political subdivision
MAXIMUM FUNDING AMOUNT* $3,880,000	EFFECTIVE DATE OF AWARD* July 1, 2023
PERIOD OF PERFORMANCE April 1, 2023 to June 10, 2024	FUNDING SOURCE AND GENERAL DESCRIPTION § 7.023, Springfield Hammons Field
NOTICE TO RECIPIENT* City of Springfield Attn: David Holtman Director of Finance 840 Boonville Avenue Springfield, MO 65801 Phone: 417/864-1632 Email: dholtman@springfieldmo.gov	NOTICE TO DED* Department of Economic Development Attn: Bradley Clark Director of New Programs Federal Initiatives Mail: PO Box 1157 Jefferson City, MO 65102 Physical: 301 W. High Street, Suite 720 Jefferson City, MO 65101 Phone: 573/395-6055 Email: Bradley.Clark@ded.mo.gov

2. RECITALS

2.1. The Missouri General Assembly appropriated, and the Governor approved, $4,000,000 for DED "For the maintenance and improvements of a sports complex located in any city with more than one hundred sixty thousand but fewer than two hundred thousand inhabitants" from the "General Revenue Fund" for State Fiscal Year 2024 (July 1, 2023 – June 30, 2024, "FY24") (House Bill 7, § 7.023) (the "Appropriation").

2.2. All appropriations from the General Revenue Fund are reduced by 3% for the Governor's Reserve, resulting in the Maximum Funding Amount in Section 1 of this Agreement.

2.3. Recipient sought the Appropriation through its elected senator or representative.

2.4. The City of Springfield is the only city in Missouri described in the Appropriation.

2.5. The Parties wish to set forth their mutual expectations and obligations with respect to the Appropriation for Recipient, and agree as follows:

3. DEFINITIONS

3.1. As used in this Agreement, capitalized terms have the meanings set forth in the introductory clause, Section 1 (terms followed by an asterisk), Sections 2 and 4 of this Agreement, and as follows:

(a) "General Revenue Funds" mean the financial assistance Recipient may receive from DED under this Agreement, which must not exceed the Maximum Funding Amount in Section 1 of this Agreement.

(b) "Request for Reimbursement" means the form, including accompanying and supporting documentation, completed by Recipient and submitted to DED to request payment from General Revenue Funds.

(c) "RSMo" means the Revised Statutes of Missouri.

4. RECIPIENT'S REPRESENTATIONS AND OBLIGATIONS

4.1. Recipient represents the following:

(a) Recipient purchased the Hammons Field (home of the Springfield Cardinals since 2005) and related parking lots in March 2023 for $12 million, and entered into a 15-year lease with the Springfield Cardinals so the team would remain in Springfield.

(b) To close the lease agreement with the Springfield Cardinals, the City created an initial $4 million capital improvement fund to make the immediate Major League Baseball-mandated improvements to Hammons Field.

(i) The agreed-upon initial capital improvements are in Exhibit F to the Amended and Restated Ballpark Lease Agreement between Recipient and Springfield Cardinals, LLC[1], as authorized in Special Ordinance 27802. A true copy of Exhibit F is attached as Exhibit 1 to this Agreement.

(c) The City made the $4 million deposit into the capital improvement fund at the time of the sale/lease with the Springfield Cardinals.

(d) Hammons Field is also home to the Missouri State University Baseball Bears, which will continue to play their home games at Hammons Field under the provisions of their license.

(e) Recipient sought this Appropriation to utilize the one-time General Revenue Funds to reimburse Recipient for Recipient's initial contribution of $4 million to the capital improvement fund (the "Project").

[1] Exhibit 3 to Special Ordinance 27802, at ORD27802.pdf (springfieldmo.gov).

4.2. Recipient understands and agrees that the General Revenue Funds under the Appropriation have only been appropriated for FY24. Recipient understands that DED does not include continuation of line item appropriations such as the one for this Project in its budget requests. To receive General Revenue Funds or other state funding after June 10, 2024, Recipient shall be responsible for securing State appropriation(s) for the Project for FY25 (July 1, 2024 to June 30, 2025), or later, if necessary.

5. PAYMENT OF FUNDS

5.1. To be paid from the current FY24 appropriation authority, Recipient must submit Request(s) for Reimbursement to DED no later than June 10, 2024.

5.2. Recipient shall include with its Request(s) for Reimbursement proof of Recipient's payment of $4 million into the capital improvement fund as required by the Amended and Restated Ballpark Lease Agreement.

5.3. Upon receipt of a Request for Reimbursement and proof of payment as required in Section 5.2, DED shall disburse General Revenue Funds to Recipient up to the Maximum Funding Amount for the purposes of the Project.

5.4. DED is not liable for any of Recipient's obligations, expenditures, or commitments in any amount in excess of the Maximum Funding Amount in Section 1 of this Agreement.

6. ACCOUNTING PRACTICES

6.1. Recipient shall maintain, during the term of this Agreement, all books of account, reports, and records in accordance with generally accepted accounting practices and standard for records directly related to this Agreement. Recipient agrees to make available to DED, during normal business hours, all book of account, reports and records relating to this Agreement for the duration of this Agreement and retain them for a minimum period of one (1) year beyond the last day of the Agreement term.

7. TERMINATION

7.1. This Agreement shall terminate automatically 90 days from the end of the Period of Performance or an earlier termination of this Agreement pursuant to Section 8 of this Agreement.

7.2. Upon termination, Sections 1 (table), 2 (recitals), 3 (definitions), and 8 (default and remedies), of this Agreement shall survive and continue in force.

8. DEFAULT AND REMEDIES

8.1. Recipient's knowing misrepresentation of a material fact to DED in this Agreement, a Request for Reimbursement, or in any communication or document in connection with this Agreement, is a default event, in which case DED may cancel this Agreement, and Recipient shall have no right or claim to the Appropriation and shall forfeit and repay the General Revenue Funds received by Recipient under this Agreement.

(a) For the purposes of this Section 8.1 of this Agreement, "knowing" means Recipient's shareholders, directors, officers, and other employees know or should have known, after reasonable investigation.

8.2. Recipient's failure to comply with the terms of this Agreement, or failure to make sufficient progress so as to endanger performance, are default events, in which case DED may take one or more of the following actions:

(a) Temporarily withholding General Revenue Funds pending the correction of the deficiency;

(b) The disallowance of costs and the establishment of an accounts receivable;

(c) Wholly or partially suspending or terminating this Agreement; and

(d) Such other remedies as may be legally available.

9. STANDARD TERMS

9.1. **Federal Laws and Regulations.** This Agreement may be subject to the laws and regulations of the United States. Recipient must comply with all applicable requirements of all Federal laws, regulations, executive orders, and policies governing the Program in addition to those specifically stated in this Agreement.

9.2. **State Laws and Regulations.** This Agreement is subject to the laws and regulations of the State of Missouri. Recipient must comply with all applicable requirements of all Missouri laws, regulations, executive orders, and policies governing the Project in addition to those specifically stated in this Agreement.

9.3. **Recipient Status.** Recipient is an independent contractor and shall not represent Recipient or Recipient's employees to be employees of DED.

9.4. **Authorized Employees – Missouri Law.** Pursuant to § 285.530.1 RSMo, Recipient must not knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the State of Missouri.

(a) Recipient submitted an Affidavit Pursuant to § 285.530 RSMo and Recipient's Employment Eligibility Verification Program ("E- Verify") Memorandum of Understanding to DED.

(b) Recipient hereby reaffirms its enrollment and participation in E-Verify with respect to the employees working in connection with this Agreement.

9.5. **Funds Availability.** Funding for this Agreement must be appropriated by the Missouri General Assembly and approved by the Governor for each fiscal year in which Recipient submits Request(s) for Reimbursement to DED. Recipient understands and agrees that appropriated funds may be reduced unilaterally by the State through withholdings made pursuant to the Missouri Constitution, Article IV, § 27. Therefore, this Agreement shall not be binding upon DED for any period in which funds have not been appropriated or approved, and DED shall not be liable for any damages or costs, including attorney's fees, associated with cancellation caused by such unavailability of funds.

9.6. **Notices.** All instructions, notices, consents, demands, or other communications required or contemplated by this Agreement shall be in writing and addressed as set forth in Notice to Recipient and Notice to DED in Section 1 of this Agreement.

(a) Notwithstanding Section 9.7 of this Agreement to the contrary, DED and Recipient may from time to time designate, unilaterally and by written notice given under this Section 9.6 to the other, additional or substitute contact information.

(b) All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation of receipt, whichever occurs first.

9.7. **Amendments.** This Agreement may be amended, supplemented, reduced, or superseded only by a writing executed by the Parties.

9.8. **Interpretation.** In this Agreement, unless the context otherwise reasonably requires:

(a) Headings are for reference purposes only and shall not alter the interpretation of this Agreement;

(b) Words importing the singular may include the plural and vice versa, as reasonably required by context;

(c) References to any document include references to such document as amended, novated, supplemented, varied, or replaced from time to time;

(d) References to a statute, regulation, federal notice, or executive order means such statute, regulation, federal notice, or executive order as amended from time to time; and

(e) References to a party to this Agreement includes that Party's legal successors (including but not limited to executors and administrators) and permitted assigns.

9.9. **Hyperlinks.** Hyperlinks in this Agreement to statutes, regulations, executive orders, and other compliance materials are solely for the convenience of the Parties. Although effort has been made to hyperlink to official government sources, neither of the Parties has control over the content at those hyperlinked webpages and no representations are made as to the accuracy of the material at the hyperlink or the performance of the hyperlink.

9.10. **Governing Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Missouri.

9.11. **Consent to Jurisdiction.** Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the State of Missouri in Cole County, Missouri, and by signing and delivering this Agreement to DED, Recipient hereby voluntarily and irrevocably accepts, generally and unconditionally, to the personal jurisdiction of the aforesaid courts.

9.12. **No Assignment**. Recipient shall not assign, including by merger (if Recipient is the disappearing entity), consolidation, dissolution, or operation of law, any of its rights or obligations under this Agreement, except with the prior written consent of DED. Any purported transfer in violation of this Section 9.12 will be void.

9.13. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective authorized successors and assigns.

9.14. **No Third Party Beneficiaries**. This Agreement does not contemplate any third-party beneficiaries, nor shall it be construed to create any legal right nor authorize a cause of action by any person who is not a Party.

9.15. **Severability**. If any provision of this Agreement is found to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not be affected.

9.16. **Legal Capacity**. The signatories to this Agreement on behalf of the Parties represent that they have full capacity and authorization to sign this Agreement and bind their respective Parties.

9.17. **No Violation of other Contracts.** The signing, delivery, and performance of this Agreement by Recipient will not violate, conflict with, require consent under, or result in any breach or default under the provisions of any material contract or agreement to which Recipient is a party.

9.18. **Licenses, Permits, and Approvals.** Recipient has obtained, or is capable of obtaining, all material licenses, authorizations, approvals, consents, or permits required by applicable laws to conduct its business generally and to perform its obligations under this Agreement.

9.19. **Counterparts**. This Agreement may be signed by the Parties in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.20. **Electronic Signatures.** The Parties agree that electronic signatures, whether digital or encrypted, of the Parties are intended to authenticate this writing and have the same force and effect as a wet signature. Delivery of a copy of this Agreement or any other document contemplated by this Agreement bearing a wet or electronic signature by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing a wet or electronic signature.

9.21. **Electronic Documents**. Any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither Party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

10. ENTIRE AGREEMENT

10.1. This Agreement constitutes the entire understanding between the Parties with respect to the subject matter of this Agreement and supersedes all other agreements, whether written or oral, between the Parties.

Department of Economic Development
By:

Michelle Hataway

Michelle Hataway, Acting Director

12/05/2023

Date signed

The City of Springfield, Missouri
By:

Jason Gage

Jason Gage, City Manager

Nov 27, 2023

Date signed

Approved as to Form

Lance Roskens

Lance Roskens (Nov 27, 2023 17:00 CST)

City Attorney, or Designee

CERTIFICATE OF DIRECTOR OF FINANCE

I certify that the expenditure contemplated by this document is within the purpose of the appropriation to which it is to be charged and that there is an unencumbered balance of appropriated and available funds to pay therefor.

David Holtmann

David Holtmann (Nov 27, 2023 16:51 CST)

Director of Finance or Acting Director

EXHIBIT F

INITIAL CAPITAL IMPROVEMENTS

1. **Player Parking** – Home and visiting/umpire sides must have a secure lot with an unencumbered route from the parking lot to the clubhouse
2. **Home Training Room** – Expand to 400 sq. ft. in accordance with MLB PDL facility standards
3. **Home Staff Lockers/Dressing Area –** Expand and/or realign dressing area with new and additional lockers to fit size constraints and requirements
4. **Visiting Staff Lockers/Dressing Area** – Expand and/or realign dressing area with new and additional lockers to fit size constraints and requirements
5. **Visiting Team Locker Room** - Expand and/or realign dressing area with new and additional lockers to fit size constraints and requirements
6. **Visitors' Side Commissary and Dining Area** – Expand to add 300 sq. ft. and include a refrigerator, freezer, sink, dishwasher, microwave, cabinets and seating for at least 8 individuals in accordance with MLB PDL facility standards
7. **Visiting Training Room –** Expand to 300 sq. ft. and include a second full-body whirlpool and a desk in accordance with MLB PDL facility standards.
8. **Team Storage** – Include 200 sq. ft. dedicated to lockable storage
9. **Female Staff Facilities –** Both home and visiting sides, include 2 lockers, 1 shower, 1 water closet, 1 lavatory and 100 sq. ft.
10. **Weight Room** – Expand at least 100 sq. ft.. Need new flooring and must create entry for visiting side and block access for visiting clubs to see inside Cardinals Clubhouse area
11. **Hitting/Pitching Tunnels –** Increase height to 70 foot candle minimum, and increase length to 75 ft. in accordance with MLB PDL facility standards.
12. **Primary and Secondary Internet** – The stadium does not meet the minimum internet requirements
13. **Field Dimensions and Playing Surface** – Warning track in front of dugouts may need to be changed to 15 ft. (currently 10.25 ft.)
14. **Bullpens –** Protective overhead cover required in both home and visiting bullpens, as well as MLB PDL required safety upgrades
15. **Dugouts** – Anti-skid surface in both dugouts. Also need updated helmet racks and benches
16. **Batter's Eye** – Expand to be 30 ft. high and 60 ft. wide in accordance with MLB PDL facility standards. Replace / install vegetation
17. **Field Lighting –** Increase infield height to 100 foot candles and outfield to 70 foot candles in accordance with MLB PDL facility standards
18. **Stadium and Player Safety Security Upgrades** – Create a command center with live camera functions for added player/fan use entry points and common areas as required by MLB PDL
19. **Office Space** – Build or renovate current office space areas for the Cardinals' front office staff (i.e., to accommodate for changes to and/or reduction of the existing office space made necessary as a result of MLB PDL required renovations to locker rooms and other adjacent spaces)

EXPLANATION TO COUNCIL BILL 2024-052 (HORTON, JENSON)

FILED: 02/21/2024

ORIGINATING DEPARTMENT: Economic Vitality

TITLE: A special ordinance approving the Commercial-Pacific Street Redevelopment Plan submitted by the Commercial-Pacific Street Redevelopment Corporation for the redevelopment of an area generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue; declaring the area in the Commercial-Pacific Street Redevelopment Plan to be a blighted area and its redevelopment necessary for the preservation of public peace, prosperity, health, safety, morals, and welfare; authorizing certain tax abatement within the area of the Commercial-Pacific Street Redevelopment Plan; and authorizing the City Manager to execute an agreement with the Commercial-Pacific Street Redevelopment Corporation relating to the implementation of the Commercial-Pacific Street Redevelopment Plan.

PURPOSE: To approve a Redevelopment Plan submitted by the Commercial-Pacific Street Redevelopment Corporation for the redevelopment of an area generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue; declare the area in such plan to be a blighted area and its redevelopment necessary for the preservation of the public peace, prosperity, health, safety, morals, and welfare; authorize certain tax abatement within the plan area; and authorize the City Manager to execute an agreement with the Redevelopment Corporation relating to the implementation of the Redevelopment Plan. (Staff, Land Clearance for Redevelopment Authority, and Planning and Zoning Commission recommend approval.)

BACKGROUND INFORMATION: Chapter 353, Missouri Revised Statutes ("RSMo") and Chapter 40, Article III of the Springfield City Code authorize the establishment and use of Urban Redevelopment Corporations to redevelop blighted areas. According to the Statute, the City of Springfield may authorize up to 25 years of partial real property tax abatement for blighted properties located within designated redevelopment areas that are acquired by urban redevelopment corporations and redeveloped in accordance with approved redevelopment plans.

The Commercial-Pacific Street Redevelopment Corporation ("Developer") has filed a redevelopment plan pursuant to Chapter 353, RSMo for the Commercial-Pacific Street Redevelopment Area ("Exhibit 1"). The area is comprised of 17 parcels encompassing approximately 7.46 acres generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson

Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue. The Area is currently zoned COM-1, Commercial Street District; CC, Center City District; and Planned Development District No. 386. The north side of the Redevelopment Area located adjacent to East Commercial Street is located inside the Commercial Street Historic District (national and local), and the remainder of the Area to the south is located inside the Mid-Town Urban Conservation District. The Redevelopment Area contains several commercial and residential buildings that are predominantly vacant and in various stages of decline.

Sections 353.020(2) and 99.805(1), RSMo. Define a "blighted area" as,

An area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.

The Developer has included a blight a report with the Redevelopment Plan providing evidence to support a declaration of blight. The Land Clearance for Redevelopment Authority reviewed the blight report on February 6, 2023, and recommended the Area be declared a blighted area by a vote of 3 to 0.

The Redevelopment Plan proposes to redevelop the Area in phases for mixed-use and multi-family residential use. More specifically, it divides the Area into the following individual Redevelopment Project Areas that are planned to be activated over the next 18 months, beginning immediately with the Pacific South Project Area.

Pacific South Project Area

- Type: New construction
- Description: 72 townhouse dwelling units with on- and off-street parking in accordance with Planned Development District No. 386 (approved by City Council on July 24, 2023, via General Ordinance 6800).
- Timeline: Begins immediately upon approval of this Redevelopment Plan.

540 E Commercial Project Area

- Type: New construction
- Description: Mixed-use building with ground-floor retail, restaurant, and office, and ADA accessible multi-family residential dwelling units; multi-family residential dwelling units on the upper floors; and limited off-street parking
- Timeline: Begins Summer 2024

Missouri Hotel Project Area

- Type: Rehabilitation
- Description: Rehabilitate the historic Missouri Hotel as a boutique hotel with a restaurant, bar, spa, and other amenities; and rehabilitate the adjacent buildings along East Commercial Street for restaurant, retail, office, and hotel accessory uses.
- Timeline: Begins Fall 2024

Pacific North Project Area

- Type: New construction
- Description: Mixed use development with over 200 multi-family residential dwelling units, ground-floor office/retail space, and off-street parking.
- Timeline: Begins Summer 2025

The Redevelopment Plan provides a framework for individual projects within the Redevelopment Area to receive up to 25 years of partial real property tax abatement under Chapter 353, RSMo. Currently, the Plan only requests such abatement for the Pacific South Project Area, the redevelopment which will begin immediately upon approval. Property tax abatement for the remaining project areas will be subject to future amendments to this Plan or separate redevelopment plans, which shall be approved by the City Council before redevelopment activities commence.

The Planning and Zoning Commission reviewed the Redevelopment Plan on February 15, 2023 (link to Staff Report). The Commission found the Plan to be in conformance with Forward SGF Comprehensive Plan and recommended that it be approved by a vote of 7 to 0.

The Developer requests real property taxes for the Pacific South Project be partially abated for a 25-year period pursuant to Chapter 353, RSMo. During the first ten years, real property taxes will be fully abated on the assessed valuation of the improvements as well as on the increased assessed valuation of the land. The Developer will continue to pay taxes based on the land's assessed valuation from the year prior to the Redevelopment Corporation acquiring the redevelopment project. Additionally, pursuant to the Redevelopment Agreement (Exhibit II), the Developer will make annual payments in lieu of taxes ("PILOTs") equal to the property taxes due on the improvements from the year prior to the Redevelopment Corporation acquiring the project. This ensures no decrease in revenue for the affected taxing districts. During the remaining 15 years, real property taxes will be abated by 50% of the assessed value of the land and improvements.

According to the tax impact analysis, if the Pacific South redevelopment project is completed and tax abatement is authorized, the affected taxing jurisdictions could collect an additional $1,218,466 in property tax revenue over the next 25 years, compared to if the project does not occur.

The City of Springfield's Economic Development Incentives Policy Manual requires that requests for discretionary incentives, like Chapter 353, RSMo tax abatement, pass the "but for" test. This means the applicant must demonstrate that without the incentive, the project would not happen, would be significantly smaller, would lack financial stability, or would not deliver the intended public benefit. The Policy Manual also allows such incentives if the City Council determines there's an overriding public benefit or a reduction in costs the City would otherwise bear. The Developer has provided two 25-year project pro forma financial statements (one with tax abatement, one without), each

providing yearly cash flows and cash-on-cash return analyses. The cash-on-cash return is a measure of the annual rate of return made on the Developer's equity or cash invested the project and is a key metric for determining if a project can attract the necessary capital. The projections provided within these statements indicate that partial real property tax abatement is necessary for the project to proceed.

The Policy Manual also discourages Chapter 353 partial real property tax abatement within approved tax increment financing districts ("TIFs"). This is because it conflicts with the intent of the TIF statute to capture the incremental increase of taxes to fund TIF improvements. Apart from the Pacific South Project Area, the Redevelopment Area is located within the Commercial Street TIF.
Established in 2008, the Commercial Street TIF captures 100% of new real property taxes (payments in lieu of taxes, or "PILOTs") and 50% of new local sales taxes (economic activity taxes, or "EATs") generated within its boundaries. These funds go towards certain projects outlined in the TIF redevelopment plan. The TIF has a 23-year lifespan, ending in 2031.

The Redevelopment Plan explicitly states that no properties located inside the TIF shall be authorized to receive real property tax abatement pursuant to Chapter 353, RSMo, this Redevelopment Plan, or any subsequent amendments thereto or related redevelopment plans unless the Commercial Street TIF has been duly amended to exclude such properties located therein. Staff is currently working with the Applicant to prepare such an amendment, which requires approval from the Tax Increment Financing Commission and City Council before any future phases can receive abatement. To offset lost TIF revenue from this amendment, the Developer has agreed to a "buy-out" of remaining PILOTs that would have gone to the TIF. This payment shall be made to the City before the amendment is approved.

REMARKS: The Land Clearance for Redevelopment Authority, Planning and Zoning Commission, and Staff recommend approval.

Submitted By: Matthew Schaefer, Senior City Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:
Maurice S. Jones, Deputy City Manager 3/19/2024

Attachments:
1. Commercial-Pacific Street Redevelopment Plan_ord
2. Commercial-Pacific Street Redevelopment Plan_exh1
3. Commercial-Pacific Street Redevelopment Plan_exh2

One-rdg. _____
P. Hrngs. X
Pgs. 183
Filed: 03-05-24

Sponsored by: Horton, Jenson

First Reading:_____ Second Reading:_____

COUNCIL BILL 2024-052 SPECIAL ORDINANCE _____

AN ORDINANCE

APPROVING the Commercial-Pacific Street Redevelopment Plan submitted by the Commercial-Pacific Street Redevelopment Corporation for the redevelopment of an area generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue; declaring the area in the Commercial-Pacific Street Redevelopment Plan to be a blighted area and its redevelopment necessary for the preservation of public peace, prosperity, health, safety, morals, and welfare; authorizing certain tax abatement within the area of the Commercial-Pacific Street Redevelopment Plan; and authorizing the City Manager to execute an agreement with the Commercial-Pacific Street Redevelopment Corporation relating to the implementation of the Commercial-Pacific Street Redevelopment Plan.

WHEREAS, The Urban Redevelopment Corporations Law, Chapter 353, RSMo., authorizes tax abatement for projects located in areas that have conditions of blight, when a proper redevelopment plan is developed and carried out for such projects; and

WHEREAS, pursuant to The Urban Redevelopment Corporations Law, the Commercial-Pacific Street Redevelopment Corporation has submitted an application for tax abatement for a project known as the Commercial-Pacific Street Redevelopment Area (hereafter “Redevelopment Area”), together with the Commercial-Pacific Street Redevelopment Plan, a blight report, and tax impact analysis for the Commercial-Pacific Street Redevelopment Area, a proposed redevelopment project consisting of seventeen (17) parcels totaling approximately 7.46 acres generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue; and

WHEREAS, the Redevelopment Area is currently zoned COM-1, Commercial Street District; CC, Center City District; and Planned Development District No. 386, with

the north side of the Redevelopment Area located adjacent to East Commercial Street located inside the Commercial Street Historic District (both national and local) and the remainder of the Redevelopment Area to the south located inside the Mid-Town Urban Conservation District; and

WHEREAS, all of the Redevelopment Area except for the "Pacific South Project Area" as shown in "Exhibit A of Exhibit 1" is located within the Commercial Street Tax Increment Financing ("TIF") District as approved by Special Ordinance 25373 on April 7, 2008, and thus, pursuant to the City of Springfield's Economic Development Incentives Policy Manual, cannot receive tax abatement under Chapter 353 unless removed from the TIF District; and

WHEREAS, the Redevelopment Area contains several commercial and residential buildings that are predominantly vacant and in various stages of decline; and

WHEREAS, the Land Clearance for Redevelopment Authority reviewed the blight report at a public meeting on February 6, 2024, and recommended declaring the Commercial-Pacific Street Redevelopment Area a blighted area; and

WHEREAS, the Planning and Zoning Commission reviewed the Commercial-Pacific Street Redevelopment Plan at a public meeting on February 15, 2024, and recommended approval of the Commercial-Pacific Street Redevelopment Plan; and

WHEREAS, proper notice has been provided, as required by applicable law, to the public, all affected taxing jurisdictions, and all property owners within the Commercial-Pacific Street Redevelopment Area of the public hearing on the request for tax abatement; and

WHEREAS, City Council held a public hearing on March 11, 2024, and all interested parties, including affected political subdivisions, were given the opportunity to be heard on such request.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The Commercial-Pacific Street Redevelopment Plan for the redevelopment project consisting of seventeen (17) parcels totaling approximately 7.46 acres generally located along the south side of the 400-500 blocks of East Commercial Street, the east side of the 1600-1700 blocks of North Jefferson Avenue, and the west side of the 1600-1700 blocks of North Benton Avenue in Springfield, Missouri, attached hereto and incorporated herein by this reference as "Exhibit 1," is hereby approved.

Section 2 – City Council finds and declares that the area described in the Commercial-Pacific Street Redevelopment Plan, which is more particularly described in "Exhibits A and C of Exhibit 1," is a blighted area as defined by Section 353.020(2) and 99.805(1), RSMo., and the redevelopment thereof is necessary for public convenience

and necessity; and that approval of the Redevelopment Plan and construction of the redevelopment project described therein are necessary for the preservation of the public peace, prosperity, health, safety, morals, and welfare.

Section 3 – After review of the Tax Impact Analysis, which is attached hereto and incorporated herein by this reference as “Exhibit F of Exhibit 1,” copies of which were provided to the affected taxing jurisdictions, the Corporation, upon executing a Redevelopment Agreement with the City, to be in substantially the same form as the document attached hereto and incorporated herein by this reference as “Exhibit 2,” partial real property tax abatement, and payment in lieu of taxes (“PILOTs”), is hereby granted as follows: real property acquired by the Commercial-Pacific Street Redevelopment Corporation (“Corporation”) and not within the Commercial Street TIF District shall not be subject to assessment or payment of general ad valorem taxes for a period of ten (10) years after the date upon which the Corporation becomes the owner of the property, except to the extent and in such amount as may be imposed upon such real property during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the assessor of Greene County, in which such property is located, for taxes due and payable thereon during the calendar year preceding the calendar year during which the Corporation acquired title thereto; and after the expiration of ten (10) years, such real property, including improvements, shall be exempt for an additional fifteen (15) years to the extent of ad valorem taxes on such property measured by the assessed valuation thereof at the rate of fifty percent (50%) of the true value of such property including improvements, provided that such abatement shall continue only so long as the property is used in accordance with the Redevelopment Plan and Redevelopment Agreement approved herein.

Section 4 – The Corporation shall make annual payments in lieu of taxes (“PILOTs”) as set out in the Redevelopment Agreement, which is attached hereto and incorporated herein as “Exhibit F.”

Section 5 – The City Manager, or designee, shall take all steps necessary to inform the Greene County Assessor of the granting of such and the passage of this Ordinance.

Section 6 – The City Manager, or designee, is further authorized to enter into an agreement with the Corporation which is in substantially the same form and content of “Exhibit 2.” In the event of any conflicts or differences between the provisions of the Redevelopment Plan and the Redevelopment Agreement, the Redevelopment Agreement shall govern, and the Redevelopment Plan shall be deemed to be amended accordingly.

Section 7 – Approval of the Redevelopment Plan and the Redevelopment Agreement is made only for the purpose of the provisions of the Urban Redevelopment

Corporations Law and does not constitute approval of development under the Land Development Code as set forth in Chapter 36 of the Code of Ordinances for the City.

Section 8 – The sections of this Ordinance shall be severable. In the event any section of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining sections of this Ordinance shall be deemed to be valid, unless the court finds the valid sections of this Ordinance are so essentially and inseparably connected with, and so dependent upon the void sections, that it cannot be presumed that City Council would have enacted the valid sections without those deemed invalid; or unless the court finds that the valid sections, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

Section 9 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Kaye, City Manager

EXHIBIT I

BLIGHT REPORT

&

REDEVELOPMENT PLAN

FOR THE

COMMERCIAL-PACIFIC STEET

REDEVELOPMENT AREA

SPRINGFIELD, MISSOURI

January 26, 2024

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Map of Redevelopment Area ..... Exhibit A
Legal Description of Redevelopment Area..... Exhibit B
Legal Description of Pacific South Project Area ..... Exhibit C
Appraisal ..... Exhibit D
PGAV Planner Chapter 353 Qualification Studies (Blight Reports)……..…..... Exhibit E
Tax Impact Analysis – (Pacific South Project)..... Exhibit F
Redevelopment Plans/Specs and Renderings ..... Exhibit G
Estimated Construction Costs (Project Budget) ..... Exhibit H
PD 386 ..... Exhibit I
Urban Redevelopment Corporation/Developer ..... Exhibit J

Blight Report

I. General:

First enacted in 1943, Chapter 353 of the Missouri Revised Statutes is designated as "The Urban Redevelopment Corporations Law" ("***Chapter 353***"). The purpose of Chapter 353 is to involve private enterprises in the task of eliminating "blighted areas." Under Chapter 353, municipalities are authorized to provide twenty-five year tax abatements in exchange for the redevelopment of "blighted areas" under approved plans. Redevelopment under Chapter 353 may include reconstruction or rehabilitation of blighted areas for industrial, commercial, residential or public structure use.

Tax abatement is only available to for-profit Urban Redevelopment Corporations organized pursuant to Chapter 353 and can only be extended to real property that has been found to be a "blighted area" by the municipality.

Once a municipality approves tax abatement under Chapter 353, the abatement is available for a period of twenty-five years provided blight is remediated and the redevelopment area is redeveloped in accordance with a redevelopment plan approved by the municipality. During the first ten years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land, exclusive of improvements, during the calendar year preceding the calendar year during which the Urban Redevelopment Corporation acquired the property. During the next fifteen years, the real property may be assessed at up to fifty percent of its true value. "True value" is defined as the assessor's assessed valuation of the property, based upon its fair market value at the time. After this twenty-five year period, the real property will be subject to assessment and payment of all ad valorem taxes based on the true value of the property.

II. Introduction:

This Blight Report for the Commercial-Pacific Street Redevelopment Area (this "***Blight Report***") is made for the purpose of documenting the blighted conditions affecting the proposed Redevelopment Area (as hereinafter defined). This Blight Report demonstrates (i) that the Redevelopment Area is a "blighted area" under Chapter 353[1] due to its insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, and (ii) because of the aforementioned conditions, the Redevelopment Area has become an economic and social liability, as well as a menace to the public health, safety, or welfare in its present condition. These conditions make the Redevelopment Area conducive to crime and creates an inability to generate reasonable taxes. Professionally prepared Chapter 353 Qualification Studies from PGAV Planners for the parcels contained in the Redevelopment Area are attached hereto as Exhibit E (the "***Blight Reports***"). This Blight Report summarizes certain high level conclusions of the

[1] Per RSMo §353.020(2), "Blighted area", an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.

Blight Reports while offering the Blight Reports themselves as direct support for the determination that the Redevelopment Area meets the statutory definition of being a "blighted area."

III. Redevelopment Area Description:

The Redevelopment Area consists of seventeen individual parcels of land, including the entire block located at the southeast intersection of E. Commercial St. and Jefferson Avenue, bounded on the north by E. Commercial St., to the west by Jefferson Ave., to the south by Pacific St. and to the east by N. Benton Ave., as well as adjacent properties to this described block located south of Pacific St. and also certain parcels located near the southwest corner of E. Comemrcial and N. Benton Ave. The parcels are commonly known as 438, 434, 424-432, 412-420, 410, 500, 540, 530, and 536 E. Commercial Street, as well as 1727 N. Washington Street, 1635 N. Benton Ave., 1630 N. Jefferson Ave., 1717 N. Benton Ave., 1703 N. Benton Ave., 1706 N. Jefferson Ave., 420 E. Blaine St., and 421 E. Pacific, all in Springfield, Missouri (the "***Redevelopment Area***"). There are currently multiple vacant buildings in the Redevelopment Area, with only the buildings at 420 E. Blaine, 1717 N. Benton, and a portion of 424-432 E. Commercial Street being used in a limited capacity for storage. The remainder of the Redevelopment Area consists of vacant buildings and unimproved land.

The Redevelopment Area is depicted in the maps attached hereto and incorporated herein as Exhibit A, and is legally described on Exhibit B attached hereto and incorporated herein.

IV. Blight Defined:

Chapter 353 defines "blighted area" as "an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use."[2]

V. Evidence In Support of Blight:

See the Blight Reports contained in Exhibit E attached hereto for the parcels contained in the Redevelopment Area. These reports and descriptions clearly indicate the Redevelopment Area suffers from a predominance of blight.

Additionally, it is necessary to consider ***Economic Underutilization***. In *Tierney v. Planned Industrial Expansion Authority of Kansas City*, 742 S.W.2d 146, 151 (Mo. 1987), the Supreme Court of Missouri stated that "the concept of urban redevelopment has gone far beyond 'slum clearance,' and the concept of economic underutilization is a valid one." Accordingly, it is proper for a city to base its determination of blight on property being economically underutilized and otherwise not adding to a city's vibrancy. The Redevelopment Area consists of aging buildings in seriously poor condition and in need of extensive replacements and repair. Per the Blight Reports provided, the predominant majority of the properties located in the Redevelopment Area are insanitary, unsafe, and deteriorated to the point that they are menace to public health, safety, and

[2]Mo. Rev. Stat. § 353.020(2) (2021).

welfare.[3] Additionally, the Redevelopment Area is an economic liability where the City is foregoing maximizing potential tax revenue that could be generated from the redevelopment of the properties if the blight is eliminated and a redevelopment project supported. The prosecution of this Redevelopment Plan will allow the entire Redevelopment Area to be used for its highest and best use, including a mix of commercial projects and residential housing facilities and as a result eliminate insanitary and unsafe conditions that predominantly exist throughout the Redevelopment Area that currently present a menace to public health and safety.

VI. Impact of the Redevelopment Area's Blighted Conditions

See also the Blight Reports attached.

Due to the predominance of blighting factors the Redevelopment Area constitutes a significant social and economic liability. These include insanitary and unsafe conditions[4], economic underutilization, and a significantly degraded appearance that discourages new investment and development in the Redevelopment Area. This results in social and economic liability not just for the Redevelopment Area but for the perception of the City as well. Furthermore, in its current condition, the Redevelopment Area is incapable of supporting its highest and best use and the cost of blight remediation and redevelopment is prohibitive towards supporting redevelopment. To overcome the economic and social liability created by the Redevelopment Area and enable the Redevelopment Area to fully contribute to the community, the blight must be remediated and the Redevelopment Area rehabilitated.

The current condition of the Redevelopment Area also impedes the economic vitality and independence of the City by failing to generate sufficient tax revenue and discouraging reinvestment in, or maintenance of, the Redevelopment Area and the areas that surround it. In its current condition, the entire Redevelopment Area is comprised of seventeen independent parcels currently assessed at $914,130.[5] However, after rehabilitation, the Redevelopment Area will generate significant increases in assessed values resulting in the receipt of increased property taxes in the long-term in addition to an increase in activity that will generate additional sales tax revenue and redevelopment within and near the Redevelopment Area. For example Pacific South Project Area (the first phase of development planned for the Redevelopment Area) is alone estimated to have an assessed value of $2,983,950 when complete.[6] The increase in assessed valuation for the Pacific South Project Area alone is estimated to generate an estimated $1,218,457[7] in additional property tax revenue to the taxing jurisdictions over the course of the full 25-year Redevelopment Plan period. Thus, the Redevelopment Area's present physical condition and underutilization preventing the development of the Redevelopment Area diminishes its potential to generate property tax revenues for the City up to its full potential. Without the comprehensive redevelopment of the Redevelopment Area, its physical condition will continue to deteriorate and its economic efficiency will suffer. Further, due to the current state of the Redevelopment Area, substantial capital investment will be required to remove the blight and

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[3] *See* Blight Reports referenced in Exhibit G. In addition to the Blight Reports, the City's Building Services Department has had multiple communications with representatives of the Developer in regards to scheduling existing buildings in the Redevelopment Area for demolition.

[4] The City's building services department has sought to schedule demolition of existing structures within the Redevelopment Area.

[5] *See* Greene County Assessor's Office Information parcel information.

[6] *See* Greene County Assessor parcel information and Tax Impact Analysis contained in Exhibit F of the Redevelopment Plan.

[7] *Id.*

redevelop the area so it can be utilized for its highest and best uses, serving as a mixture of residential and commercial development. Without approval by the City of an economic development incentive program, it is unlikely that a developer will invest in the Redevelopment Area due to the prohibitive costs associated with the redevelopment.

VII. Conclusion

As discussed in this Report and demonstrated in the attached Blight Reports, the Redevelopment Area, by reason of its insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, and because of the aforementioned conditions, the Redevelopment Area has become an economic and social liability, which is a menace to the public health, safety, or welfare in its present condition. The Redevelopment Area qualifies as a "blighted area" as defined in section 353.020(2) of the Missouri Revised Statutes. Accordingly, the City of Springfield should determine that Redevelopment Area is blighted.

Redevelopment Plan

I. Introduction

Commercial-Pacific Street Redevelopment Corporation (the "***Developer***") has prepared the following plan (the "***Redevelopment Plan***") for redevelopment projects within the Redevelopment Area (as hereafter defined). These redevelopment projects will be developed in multiple phases, the first of which, the Pacific South Project, is described in detail within this Redevelopment Plan. Subsequent phases will be activated through future amendments to this Redevelopment Plan or separate redevelopment plans, both of which shall be accompanied by redevelopment agreements and be subject to City Council approval.

The current project is the redevelopment of 1630 N. Jefferson Avenue and 1635 N. Benton Avenue, adjacent parcels, both located in Springfield, Missouri, into a seventy-two (72) unit residential housing development (the "***Pacific South Project***"). This project is described in further detail throughout this Redevelopment Plan

Other projects that will be developed in the future and after the Pacific South Project has begun (the "***Future Phases***) are generally described as follows:

- **540 E. Commercial** – This phase will involve construction of a new mixed-use building featuring retail/restaurant/office space and ADA-compliant residential apartment units on the 1st floor and residential apartment units on the upper floors. The apartment units will be market rate, and consist of a mixture of 1- and 2 bedroom units. Limited on-site secure parking will be provided in the area immediately south of the building. This phase is estimated to begin in Summer 2024.

- **Missouri Hotel (and adjacent Commercial Street buildings)** – This phase will involve renovation and rehabilitation of the historic Missouri Hotel building into a boutique hotel including guest rooms, restaurant and bar, spa, and other common amenities. Adjacent buildings along Commercial Street will feature restaurant/retail/office spaces and various hotel accessory uses. <u>It must be noted that because the Missouri Hotel will likely involve Historic Tax Credits and historic renovation requirements, the Missouri Hotel project and adjacent buildings may be separated into their own distinct phases.</u> This phase is estimated to begin in Fall 2024, but could be impacted by the timing of historic tax credit approval and requirements that are related.

- **Pacific North** – This phase will be new construction and consist of 200+ residential apartments, some ground-floor office/retail space, and various uses ancillary to the Missouri Hotel and Pacific North properties (see Figure A-2 for reference to locations), including on-site secure parking (surface or garage) and common area amenities such as pool, fitness facilities, etc. This phase is estimated to begin in Summer 2025.

This Redevelopment Plan calls for a 25-year abatement period, the first ten (10) years providing 100% real property tax abatement, subject to applicable PILOTS being assessed, and the remaining fifteen (15) years providing 50% real property tax abatement for the Pacific South Project. All Future Phases within the Redevelopment Area will be subject to satisfying the "but

for" analysis required under Chapter 353. The Pacific South Project satisfies the "but for" analysis and requests the full real property tax abatement.

II. Description of the Project

A. *Boundaries of the Redevelopment Area*

The Commercial Pacific Street Redevelopment Area ("***Redevelopment Area***") consists of approximately 6.4 acres of land. A map identifying the Redevelopment Area is attached hereto as Exhibit A (see Figures A1-A3) and the Redevelopment Area is legally described on Exhibit C attached hereto.

B. *Reserved*

C. *Boundaries of the Pacific South Project Area*

The Pacific South Project Area contains two (2) parcels of land, which will be replatted into one parcel, but are commonly described as 1630 N. Jefferson Avenue and 1635 N. Benton Avenue both in Springfield, Missouri. The Pacific South Project Area consists of approximately 2.3162 acres of land. A map identifying the Pacific South Project Area is attached hereto as Exhibit A and is legally described on Exhibit B attached hereto.

D. *Need for Redevelopment*

The Developer is currently seeking a blight designation for the Redevelopment Area concurrently with the submission of this Redevelopment Plan. The prosecution of this Redevelopment Plan will eliminate the blighted conditions described in the Blight Reports and briefly discussed here. The Redevelopment Plan will permit projects like the Pacific South Project to develop the necessary utility infrastructure currently lacking to support significant redevelopment. It will also permit the removal of vacant, deteriorated, and dangerous buildings while simultaneously cleaning the Redevelopment Area more generally of broken concrete, glass, overgrowth, trash, etc. The economic and social liability of the Redevelopment Area caused by the significant deterioration of physical conditions, lack of development, and reduced commercial and residential traffic will be replaced with high quality and attractive mixed-use projects. The Redevelopment Area is a prime opportunity to create a desirable living environment for residents and promoting increased traffic and economic opportunities within the iconic Commercial Street Corridor while increasing the taxable revenues to the City of Springfield

E. *Redevelopment Plan Objectives and Strategies*

1. Goals of the Springfield – Forward SGF Comprehensive Plan.

The Redevelopment Area is located within the Commercial Street corridor planning area (as defined by the City of Springfield's Commercial Street Plan (the "***CSP***"), which is a component of the Forward SGF Comprehensive Plan (the "***Comprehensive Plan***"). The CSP is a long-term guide for the continued revitalization of one of Springfield's most iconic historic districts ("***Commercial Street Corridor***").[8] One of the goals of the CSP is "to guide the growth of, and

[8] *See* Forward SGF Comprehensive Plan, Commercial Street, pg. 232.

investment into, a thriving mixed-use district."[9] Commercial Street includes some of the oldest parts of the Springfield community and, as demonstrated by the current condition of the Redevelopment Area, it suffers from problems commonly resulting from physical deterioration and economic obsolescence.[10]

The Comprehensive Plan was adopted in 2022 by the City and establishes future "placetypes" to guide the recommended development of specific areas throughout the City. The Comprehensive Plan indicates that the Redevelopment Area and surrounding property is an appropriate area for mixed use design which includes higher density housing and commercial development.[11] The Comprehensive Plan also identifies the Commercial Street corridor as an Activity Center.[12] Activity Centers are "a dense area with significant pedestrian and vehicle traffic area that serves as an anchor, attracting people for shopping, employment, school, recreation, and socialization."[13] The Comprehensive Plan states that areas within the Mixed Use placetype "function as activity centers that provide a mix of residential, shopping, services, office, entertainment, and dining options. These centers can also host small to moderate sized manufacturing, maker spaces, artisan shops, galleries, and music venues that contribute to innovation or themed entertainment districts."[14]

Within the City's planning process, feedback from the community was very important. Specifically in the CSP, the community expressed as its primary desire to "redevelop and repurpose vacant lots and buildings."[15] Additionally, the community expressed a desire to add commercial opportunities and improve the conditions of the local neighborhoods. This Redevelopment Plan directly supports the desires of the local community in addition to conforming to the CSP. The CSP identifies specific priorities and goals and priorities this Redevelopment Plan supports, including but not limited to:

- Bring more residents to the Street and its surroundings;
    - **Reactivate the Missouri Hotel and the surrounding block of properties.**
    - Convert underutilized buildings in the district to residences, where appropriate, maintaining core retail/commercial uses on ground floors of the Commercial Street Historic District;
    - Develop new housing on vacant lots in and surrounding the district, where appropriate, maintaining core retail/commercial uses on ground floors of the Commercial Street Historic District;
- Bring additional workers to the Street and its surroundings;
    - Utilize ground floors, where appropriate, for office use;
- Maintain inventory of all vacant buildings and lots within the district;
- Identify new ways to encourage redevelopment of vacant parcels;
- Complete streetscape enhancements throughout the district, including extensions to the east and west, and along north-south corridors connecting to Commercial Street;

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[9] *See* Forward SGF Comprehensive Plan, Commercial Street, pg. 239.
[10] *See* Forward SGF Comprehensive Plan, Commercial Street, pg. 238.
[11] *See* Forward SGF Comprehensive Plan, pgs. 35, 44-45, 68, and 69.
[12] *See* Forward SGF Comprehensive Plan,, pgs. 44. 69, and 95. *See also*, Commercial Street, Chapter 14, pg. 242.
[13] *See* Forward SGF Comprehensive Plan, pg. 260.
[14] *See* Forward SGF Comprehensive Plan, pg. 44
[15] See Forward SGF Comprehensive Plan, Commercial Street, pg. 237.

- Identify underutilized sites appropriate or temporary tactical activations to enliven the space; and
- Improve physical connectivity and access to and from Commercial Street district.

The importance of the Commercial Street Corridor as emphasized by the goals above is to provide additional residential traffic that will benefit the Commercial Street Corridor and create a likelihood that such increased traffic will in turn mutually benefit nearby areas like the Boonville Avenue Corridor and the Greater Downtown District.

2. Redevelopment Plan Objectives and Conformance with the Goals of the Springfield - Greene County Comprehensive Plan.

The implementation of this Redevelopment Plan will transform the Redevelopment Area into an attractive location for tenants to reside. This will also help to create additional interest and activity in the Commercial Street corridor and more specifically serve as a high quality project that brings economic vitality and visual charm to the area along the frontage of E. Commercial Street between N. Benton Avenue and N. Washington Avenue. The CSP identifies "creating more residents," harnessing the "power of the in-place workforce as a market for Commercial Street businesses and events," and providing an "opportunity to serve residents within the in-place markets" as primary conclusions of the CSP. The Project conforms to and promotes the ideals of the CSP by providing "more residents directly along the corridor [that] will further activate the district" and bring "spending power to support businesses and services."[16]

Moreover, the Redevelopment Plan will allow for additional commercial development and housing within the Commercial Street Activity Center and will provide for medium to higher density housing as called for by the Comprehensive Plan. Additionally, the rehabilitation of the Redevelopment Area will increase the taxable revenues to the City, while placing a greater portion of Commercial Street in congruence with the visions of the Comprehensive Plan and CSP discussed above.

III. Redevelopment Plan Requirements

A. *Overview*

The Redevelopment Plan provides for a residential use with additional commercial space. The projects contemplated within this plan are being designed to be complimentary to the style and aesthetic of the Commercial Street corridor. It is expected that the Redevelopment Plan will in-turn encourage and foster private investment in the surrounding areas. In addition, the safety of the Redevelopment Area (both real and perceived) will improve due to the increase in activity and investment.

The intent of this Redevelopment Plan is to encourage needed and desired residential and commercial redevelopment through partial real property tax abatement. The existing zoning classifications for the Redevelopment Area are a mix of COM-1, Commercial Street District; CC, Center City District; and Planned Development District No. 386. There are two (2) parcels in the Pacific South Project Area that will be consolidated into one site parcel for development.

[16] *See* Forward SGF Comprehensive Plan, Commercial Street, Chapter 14 of pg. 236.

B. *General Maintenance Guidelines*

All structures, equipment, paved areas, and landscaped areas shall be maintained in a good and safe condition both inside and outside, structurally and otherwise in accordance with all applicable codes and ordinances.

C. *Design Guidelines*

All projects subject to this Redevelopment Plan should utilize good quality materials and be designed to complement existing development adjacent to the Pacific-Commercial street area, encourage pedestrian activity, and contribute to a harmonious streetscape. All sides of buildings visible to the public, whether viewed from a nearby property or a roadway, shall display a similar level of quality and architectural finish.

To the extent that any project is located within the Commercial Street Local Historic District those projects will be required to comply with all such existing legal requirements of the Historic District.

D. *Land Use Plan*

1. *Former and Existing Land Use*

There are multiple structures in the Redevelopment Area. These structures are currently vacant (except for minimal storage use), but were previously utilized for various commercial and residential purposes. The remainder of the Redevelopment Area is vacant and unimproved.

2. *Proposed Land Use*

Pacific South Project

The Pacific South Project involves the development of seventy-two (72) townhome style apartment units across six (6) buildings. Thirty (30) 1-bedroom/1-bath units; Thirty (30) 2-bedroom/2-bath units; Six (6) Studio units; and Six (6) 3-bedroom/2-bath units, all with garages. The units will accommodate approximately 114 residents. All but two (2) units will have an associated garage space with an additional twenty (20) parking spaces on the street. The structures currently located at 1630 N. Jefferson Avenue and 1635 N. Benton Avenue will be demolished.

The Pacific South Project intends to incorporate laundry into the units and provide a recreation room for tenants. Storage units will be an additional amenity for tenants residing in units with garage parking. A dog park/picnic area will also be incorporated.

The Pacific South Project intends to incorporate parking on-site as part of the Project design and provide approximately 70 garage and 20 on-street parking spaces. Plans and specifications of the Pacific South Project are provided for further reference in Exhibit G attached hereto. The Pacific South Project will be developed in accordance with PD 386 and such language is attached as Exhibit I and incorporated herein.

Remainder of Redevelopment Area.

It is anticipated that multiple additional projects (referred to herein as Future Phases) will be presented and phased in at a future date for other locations within the Redevelopment Area. These Future Phases will be designed and required to conform with the requirements of the Redevelopment Plan and satisfy the highest/best use for the area of a mix of residential and commercial uses. Future Phases proposed shall satisfy all zoning, design, and parking ordinances and regulations required by the City, as well as conform with the City's Comprehensive Plan and Economic Development incentives policies and the legal requirements of the Commercial Street Historic District (as applicable).

While the Developer can provide general descriptions of the Future Phases intended for development (see above) and the estimated timelines for these phases, the development of the remainder of the Redevelopment Area necessarily remains conceptual in nature. The development of the Future Phases will mutually support and benefit the entire Redevelopment Area and the iconic Commercial Street Corridor. The Developer and the City have the same mutual interest in ensuring the entire Redevelopment Area is redeveloped over a reasonable period of time and is transformed into a thriving mix of residential and commercial uses in accordance with the City's goals and economic initiatives.

Note: Activation of Future Phases shall be subject to future amendments to this Redevelopment Plan or separate redevelopment plans. Once approved, real property tax abatement will be triggered upon acquisition by the Redevelopment Corporation pursuant to a redevelopment agreement between the Redevelopment Corporation and the City.

E. *Existing and Proposed Zoning*

The Redevelopment Area is zoned a mix of COM-1, Commercial Street District; CC, Center City District; and Planned Development District No. 386. No rezoning is anticipated to be required, however all projects shall be required to meet applicable zoning ordinances.

The parcels forming the Pacific South Project Area are currently zoned Planned Development District No. 386. No rezoning will be required for the Pacific South Project Area.

F. *Regulations and Controls*

Redevelopment of the Redevelopment Area shall be subject to all applicable Springfield, Missouri Codes and Ordinances.

IV. Execution of the Project

A. *Execution*

The Developer or its successors in interest will be responsible for executing the redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan.

B. *Land Acquisition*

Related party entities currently own and control all the parcels included in the Redevelopment Area. The Developer will take title to the land and improvements in the Redevelopment Area all in accordance with land ownership and transfer requirements of Chapter 353. The Developer does not plan to acquire any additional land for the completion of Projects in the Redevelopment Area. Eminent domain will not be utilized in the execution of this Redevelopment Plan.

C. *Financing*

Please refer to *Source and Use of Funds* as contained in Exhibit F of the Redevelopment Plan.

D. *Disposition of Property*

No property is proposed to be disposed of within the Redevelopment Area.

E. *Plan for Relocation Assistance*

The existing buildings are currently vacant and as such, there is no need for relocation assistance.

F. *Redevelopment Schedule and Estimated Dates of Completion Redevelopment*

The Developer estimates that the Project will be completed in accordance with the following schedule:

- <u>Project Schedule</u>

Pacific South Project

- Pre-Construction (Inspections/Permits): Spring 2024
- Site Work (Demolition): Spring 2024
- Construction of Building: Completed by Fall 2025

V. Other Provisions

A. *Compliance with State and Local Law*

All redevelopment activities shall comply with the Springfield Zoning Ordinance and all other applicable state and local laws.

B. *Population Density*

The Pacific South Project will consist of seventy-two (72) units on a 2.3162 acre site. Population densities, land coverage, and building intensities within the Redevelopment Area are projected to increase after redevelopment and will be regulated according to the City's Zoning Ordinance.

C. *Public Facilities*

The Redevelopment Plan is not anticipated to require any additional schools, parks, recreational and community facilities, or other public facilities. Additional water, sewerage, other public utilities, or sidewalks upgrades and/or relocations will be necessary. The cost of such improvements will be borne by the Property Owner who is implementing the development, but may also be offset by any approved incentives or taxing districts. Projects that require the installation of new utility lines such lines should be located underground. Projects developed will have access to private off-street parking as well as public on-street and off-street parking and will meet the statutory parking requirements per City ordinances and approved design standards.

D. *TIF*

As of the date of this Redevelopment Plan, certain properties inside the Redevelopment Area are also located inside the Commercial Street Tax Increment Financing Redevelopment Area (the "**Commercial Street TIF**"). Such properties shall not be authorized to receive real property tax abatement pursuant to Chapter 353, RSMo, this Redevelopment Plan, or any subsequent amendments thereto or related redevelopment plans unless the Commercial Street TIF has been duly amended to exclude such properties located therein. Under no circumstances may property located inside the Redevelopment Area be authorized to receive real property tax abatement so long as it is located inside the Commercial Street TIF.

E. *Additional Incentives/Taxing Districts*

Projects under this Redevelopment Plan may utilize additional incentives or taxing districts established and/or approved, including but not limited to CIDs, TDDs, and/or Chapter 100, to support the development of the projects so long as additional incentives and/or taxing districts satisfy all statutory requirements and do not interfere with the satisfactory administration of the tax abatement provided under Chapter 353 and approved under this Redevelopment Plan, or the administration of the Commercial Street TIF unless the TIF has been amended accordingly. This paragraph is not intended to provide a guarantee of approval for any such utilization but is meant to allow for the possibility of additional incentive utilization if the Developer chooses to apply for such programs.

EXHIBIT A

[MAP OF REDEVELOPMENT AREA ATTACHED]

1.	Redevelopment Area (Parcel Map)	Figures A-1
2.	Redevelopment Area (Google Earth)	Figure A-2
3.	Pacific South Project Area Figure	Figure A-3 through A5

Figure A-1: Map of Commercial-Pacific Redevelopment Area (Greene County Assessor Parcel Map)

Exhibit A-2

Figure A-2: Map of Commercial-Pacific Redevelopment Area (Google Earth – individual project sites identified)

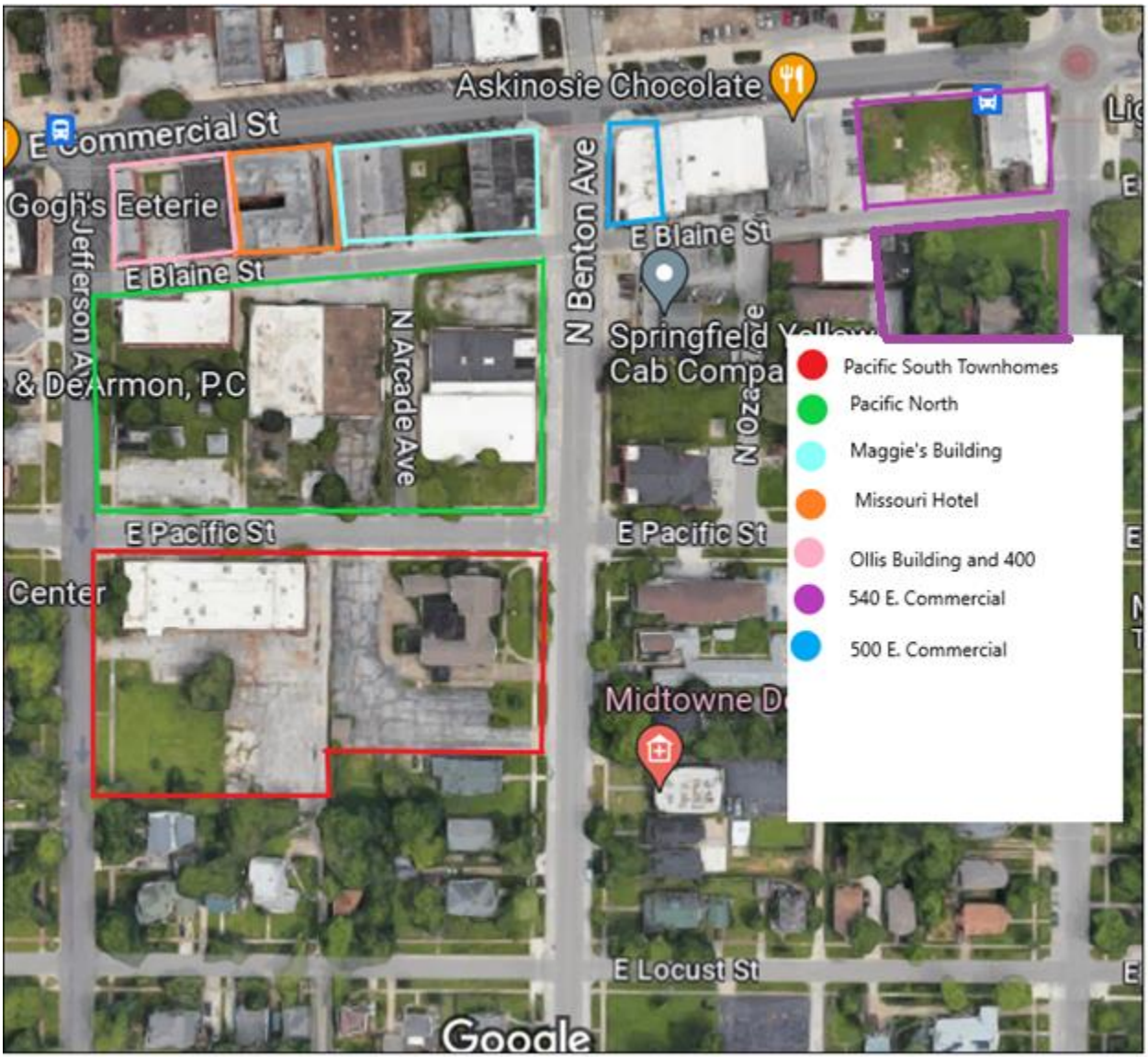

Exhibit A-3

SPR 18148992.13

PACIFIC SOUTH PROJECT AREA

Figure A-3: 1630 N. Jefferson Ave.

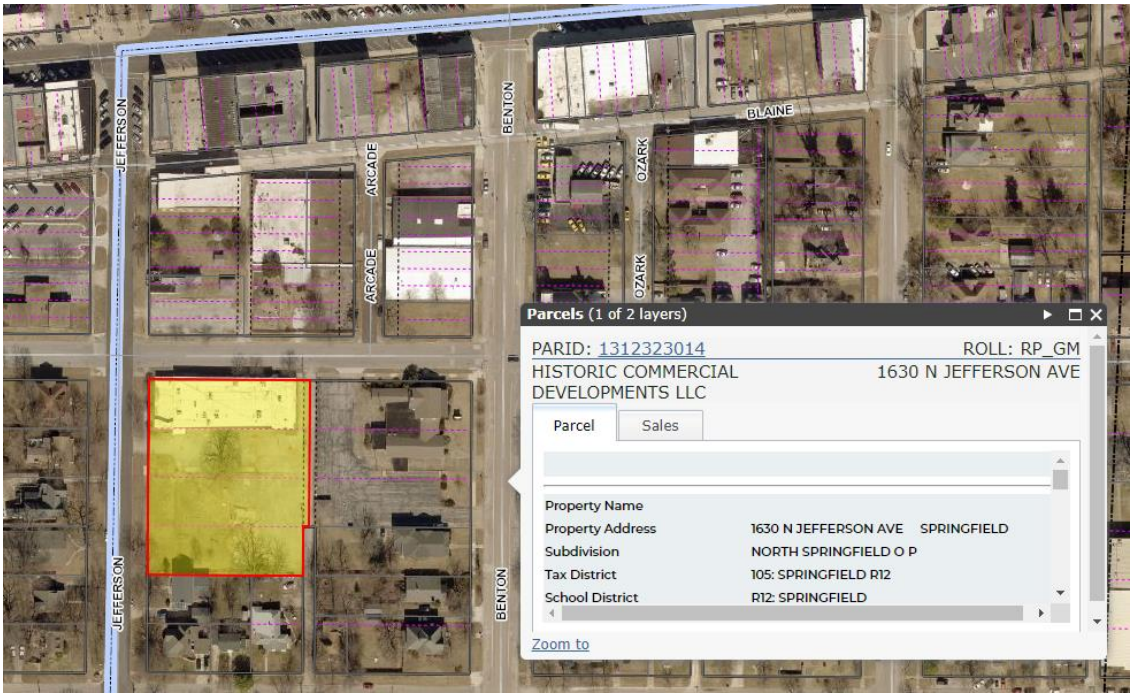

Figure A-4: 1635 N. Benton Ave.

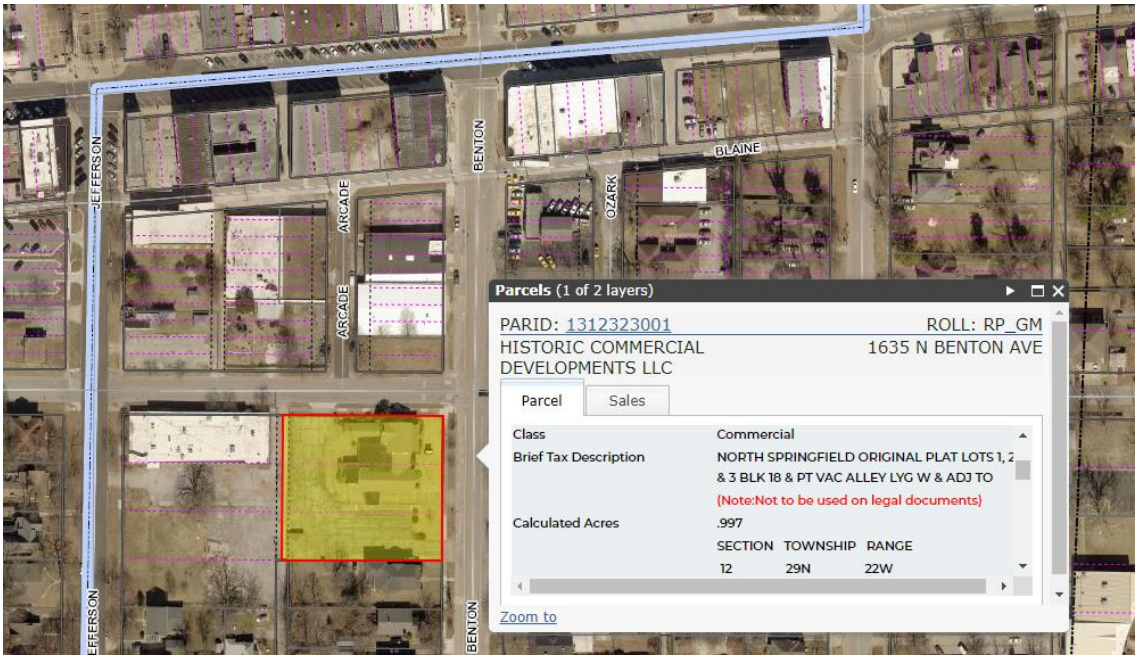

Exhibit A-4

Figure A-5: Consolidated Property View (Both parcels – see black outlined area. View from South.)

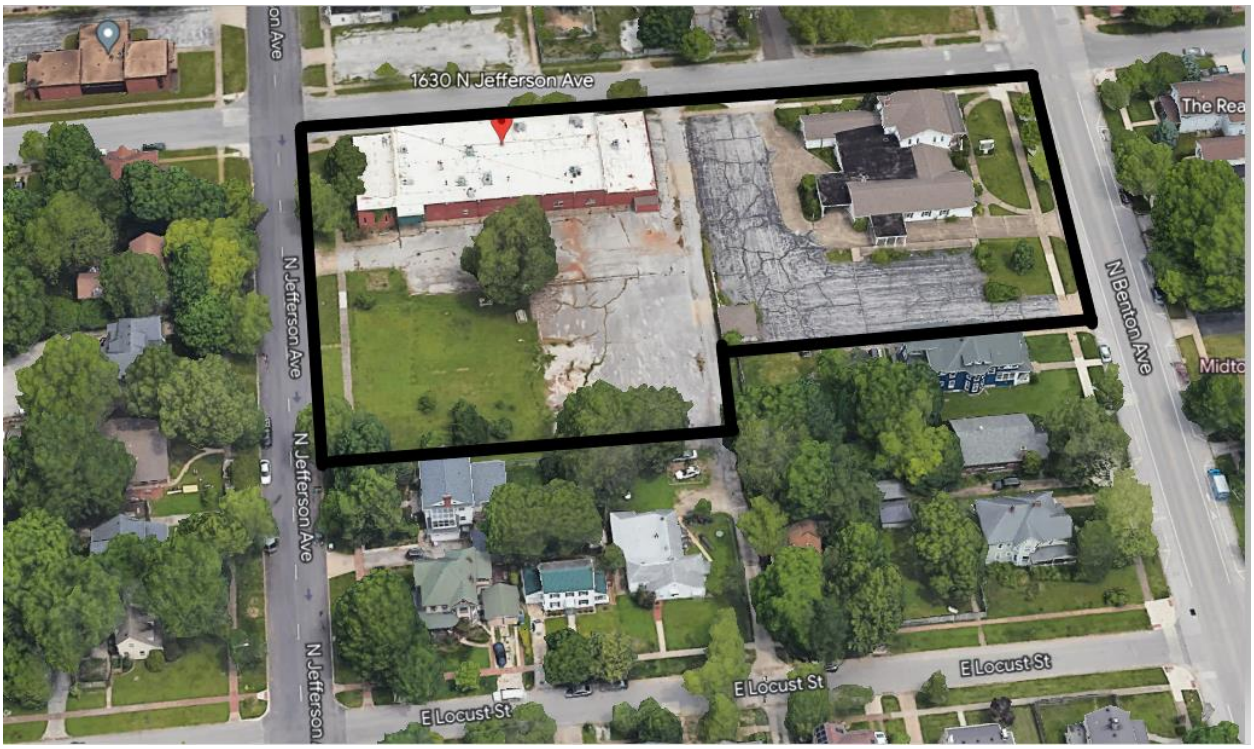

Exhibit A-5

EXHIBIT B

LEGAL DESCRIPTION COMMERCIAL-PACIFIC STREET REDEVELOPMENT AREA

REDEVELOPMENT AREA BOUNDARY DESCRIPTION
MISSOURI HOTEL, PACIFIC NORTH AND SOUTH - Tract 1

A TRACT OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 29 NORTH, RANGE 22 WEST IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI AND SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHWEST CORNER OF LOT 11, BLOCK 28 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT LYING ON THE SOUTH RIGHT-OF-WAY OF COMMERCIAL STREET, THENCE ALONG SAID RIGHT-OF-WAY NORTH 85°21’04” EAST, 549.17 FEET TO THE NORTHEAST CORNER OF LOT 13, BLOCK 27 OF THE PLAT OF NORTH SPRINGFIELD; THENCE LEAVING SAID RIGHT-OF-WAY SOUTH 02°37’12” EAST, 100.20 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY OF BLAINE STREET; THENCE ALONG SAID RIGHT-OF-WAY EXTENDED SOUTH 85°15’44” WEST, 128.44 FEET TO THE SOUTHEAST CORNER OF LOT 27, BLOCK 28 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING AT THE NORTHWEST CORNER OF BLAINE STREET AND BENTON AVENUE; THENCE LEAVING THE NORTH RIGHT-OF-WAY OF BLAINE STREET AND ALONG THE WEST RIGHT-OF-WAY OF BENTON AVENUE SOUTH 01°50’51” WEST, 344.74 FEET TO THE NORTHEAST CORNER OF LOT 1, BLOCK 18 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING THE SOUTHWEST CORNER OF BENTON AVENUE AND PACIFIC STREET; THENCE CONTINUING ALONG THE WEST RIGHT-OF-WAY OF BENTON AVENUE SOUTH 01°06’58” WEST, 198.73 FEET TO THE SOUTHEAST CORNER OF LOT 3, BLOCK 18 OF THE PLAT OF NORTH SPRINGFIELD; THENCE LEAVING SAID RIGHT-OF-WAY AND ALONG THE SOUTH LINE OF SAID LOT 3 NORTH 89°18’51” WEST, 227.64 FEET TO THE NORTHEAST CORNER OF LOT 9 OF BLOCK 18 OF THE PLAT OF NORTH SPRINGFIELD; THENCE ALONG THE EAST LINE OF SAID LOT 9 SOUTH 01°09’18” WEST, 66.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 9; THENCE ALONG THE SOUTH LINE OF SAID LOT 9 NORTH 89°18’51” WEST, 211.17 FEET TO THE SOUTHWEST CORNER OF SAID LOT 9, SAID POINT LYING ON THE EAST RIGHT-OF-WAY OF JEFFERSON AVENUE; THENCE ALONG SAID RIGHT-OF-WAY NORTH 01°11’35” EAST, 264.95 FEET TO THE NORTHWEST CORNER OF LOT 12, BLOCK 18 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING ON THE SOUTHEAST CORNER OF JEFFERSON AVENUE AND PACIFIC STREET; THENCE CONTINUING ALONG THE EAST RIGHT-OF-WAY OF JEFFERSON AVENUE NORTH 02°05’05” EAST, 60.02 FEET TO THE SOUTHWEST CORNER OF LOT 1, BLOCK 28 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING AT THE NORTHEAST CORNER OF JEFFERSON AVENUE AND PACIFIC STREET; THENCE CONTINUING ALONG THE EAST RIGHT-OF-WAY OF JEFFERSON AVENUE NORTH 00°24’26” EAST, 211.17

FEET; THENCE LEAVING SAID RIGHT-OF-WAY NORTH 85°59’44” EAST, 32.89 FEET; THENCE NORTH 04°42’21” WEST, 132.30 FEET TO THE POINT OF BEGINNING. ALL LYING IN THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 29 NORTH, RANGE 22 WEST IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI. CONTAINING 297,834 SQUARE FEET OR 6.84 ACRES, MORE OR LESS. BEARINGS BASED ON GRID NORTH OF THE MISSOURI COORDINATE SYSTEM OF 1983, CENTRAL ZONE.

REDEVELOPMENT AREA BOUNDARY DESCRIPTION
540 EAST COMMERCIAL – Tract 2

A TRACT OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 29 NORTH, RANGE 22 WEST IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI AND SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE NORTHEAST CORNER OF LOT 31, BLOCK 27 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING ON THE SOUTHWEST CORNER OF COMMERCIAL STREET AND WASHINTON AVENUE, THENCE ALONG THE WEST RIGHT-OF-WAY OF WASHINTON AVENUE SOUTH 01°38’34” WEST, 206.51 FEET TO THE SOUTHEAST CORNER OF LOT 34, BLOCK 27 OF THE PLAT OF NORTH SPRINGFIELD; THENCE LEAVING SAID RIGHT-OF-WAY AND ALONG THE SOUTH LINE OF SAID LOT 34 NORTH 89°09’20” WEST, 122.51 FEET TO THE SOUTHWEST CORNER OF SAID LOT 34, SAID POINT BEING ON THE EAST RIGHT-OF-WAY OF A PLATTED ALLEY; THENCE ALONG SAID RIGHT-OF-WAY EXTENDED NORTH 01°38’34” EAST, 94.40 FEET TO A POINT ON THE SOUTH LINE LOT 25, BLOCK 27 OF THE PLAT OF NORTH SPRINGFIELD, SAID POINT BEING ON THE NORTH RIGHT-OF-WAY OF BLAINE STREET; THENCE ALONG SAID RIGHT-OF-WAY SOUTH 85°15’44” WEST, 21.66 FEET TO THE SOUTHWEST CORNER OF SAID LOT 25; THENCE LEAVING SAID RIGHT-OF-WAY AND ALONG THE WEST LINE OF SAID LOT 25 NORTH 03°28’48” WEST, 99.76 FEET TO THE NORTHWEST CORNER OF SAID LOT 25, SAID POINT BEING ON THE SOUTH RIGHT-OF-WAY OF COMMERCIAL STREET; THENCE LEAVING SAID WEST LINE AND ALONG SAID RIGHT-OF-WAY NORTH 85°21’04” EAST, 153.86 FEET TO THE POINT OF BEGINNING. ALL LYING IN THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 29 NORTH, RANGE 22 WEST IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI. CONTAINING 27,182 SQUARE FEET OR 0.624 ACRES, MORE OR LESS. BEARINGS BASED ON GRID NORTH OF THE MISSOURI COORDINATE SYSTEM OF 1983, CENTRAL ZONE.

EXHIBIT C

Pacific South Project Area is legally described as follows:

PART OF BLOCK 18 IN THE ORIGINAL TOWN OF NORTH SPRINGFIELD, NOW IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, BEING ALL OF LOTS 1, 2, 3, 10, 11, AND 12 INCLUDING THE VACATED ALLEY BETWEEN SAID LOTS, ALSO ALL OF LOT 9, ALL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 18 BEING THE NORTHWEST CORNER OF SAID LOT 12; THENCE SOUTH 89°17'12" EAST ALONG THE NORTH LINE OF SAID BLOCK 18, 438.50 FEET TO THE NORTHEAST CORNER OF SAID BLOCK 18 AND THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 01°06'58" WEST ALONG THE EAST LINE OF SAID BLOCK 18, 198.73 FEET TO THE SOUTHEAST CORNER OF SAID LOT 3; THENCE NORTH 89°18'51" WEST ALONG THE SOUTH LINE OF SAID LOT 3 AND ITS EXTENSION, 227.64 FEET TO THE NORTHEAST CORNER OF SAID LOT 9; THENCE SOUTH 01°09'18" WEST, 66.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 9; THENCE NORTH 89°18'51" WEST, 211.17 FEET TO THE SOUTHWEST CORNER OF SAID LOT 9; THENCE NORTH 01°11'35" EAST ALONG THE WEST LINE OF SAID BLOCK 18, 264.95 FEET TO THE POINT OF BEGINNING.

EXHIBIT D

APPRAISAL

[PROVIDED UNDER SEPARATE COVER]

1. Appraisal Report of Pacific South, Project No. 23-049, prepared by Advisor Appraisal Service, LLC and dated April 4, 2023

EXHIBIT E

CHAPTER 353 QUALIFICATION STUDIES
(BLIGHT REPORTS)

[PROVIDED UNDER SEPARATE COVER]

1. Pacific South Redevelopment Area Chapter 353 Qualifications Study, dated June 14, 2023 and prepared by PGAV Planners, LLC

2. 540 E. Commercial Redevelopment Area Chapter 353 Qualifications Study, dated June 14, 2023 and prepared by PGAV Planners, LLC

3. Pacific North Redevelopment Area Chapter 353 Qualifications Study, dated June 14, 2023 and prepared by PGAV Planners, LLC

4. Missouri Hotel Redevelopment Area Chapter 353 Qualifications Study, dated June 14, 2023 and prepared by PGAV Planners, LLC

EXHIBIT F
PACIFIC SOUTH TAX IMPACT ANALYSIS

[please see attached]

Pacific South Project

Tax Impact Analysis

City of Springfield, Missouri
January 19, 2024

Spencer Fane LLP
2144 E. Republic Road, Suite B300
Springfield, MO 65804

Exhibit F-2

Pacific South Project
2023 Real Estate Assessment & Taxes

(Preliminary Amounts determined per covnersation with Greene County Assessor office)

Current Assessment Ratio				19%
		Appraised*		Assessed
Land	$	529,000	$	100,510
Improvements		15,176,000	$	2,883,440
Total	$	15,705,000	$	2,983,950

Jurisdiction		Tax	Levy per $100
City of Springfield		18,175.24	0.6091
Springfield -- Greene County Library		6,946.64	0.2328
Ozarks Technical College		5,582.97	0.1871
Greene County		3,055.56	0.1024
Road & Bridge		3,058.55	0.1025
State of Missouri		895.19	0.0300
County Developmental Disability		1,336.81	0.0448
Springfield R-12		118,722.42	3.9787
County Seniors' Services		1,408.42	0.0472
Commercial SurTax		-	
	$	159,181.80	5.3346

*Per Greene County Assessor's Office

Exhibit F-3

Pacific South Project
Tax Impact Analysis – Assessment Assumptions

	2022						Redeveloped Estimate					
	Appraised*			Assessed			Appraised			Assessed		
Property	Land	Improvements	Total	Land	Improvements	Total	Land	Improvements	Total	Land	Improvements	Total
1630 N. Jefferson Ave.							$ 529,000	$ 15,176,000	$ 15,705,000	$ 100,510	$ 2,883,440	$ 2,983,950
88-13-12-323-014	79200	265,200	344,400	25,344	84,864	$ 110,208						
1312323001	93,100	243,500	336,600	29,792	77,920	$ 107,712			-	-	-	-
	-								-	-	-	-
									-	-	-	-
Totals	$ 172,300	508,700	681,000	$ 55,136	162,784	217,920	$ 529,000	$ 15,176,000	$ 15,705,000	$ 100,510	$ 2,883,440	$ 2,983,950

Portion of total value that is land	100%
Assessment ratio (commercial)	32%
Assessment ratio (residential)	19%

Redeveloped Value estimates based on appraisal.

Exhibit F-4

Pacific South Project
Tax Impact Analysis
Projected Tax Revenue without Redevelopment

Biennial Growth Rate Assumption - Real Estate Taxes -1.00%

Year		Assessed Value ($)		Real Estate Taxes Paid										
				0.6091	0.2328	0.1871	0.1024	0.1025	0.0300	0.0448	3.9787	0.0472	1.0400	6.3746
Plan	Calendar	Total Land	Total Imp.	City of Springfield	Greene County Library	Ozarks Tech. College	Greene County	Road & Bridge	State of Missouri	Sheltered Workshop	Springfield R-12	County Seniors' Services	Commercial SurTax	Tax Paid
1.0	2025	55,136	162,784	$ 1,327	$ 507	$ 408	$ 223	$ 223	$ 65	$ 98	$ 8,670	$ 103	$ 2,266	$ 13,892
2.0	2026	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
3.0	2027	54,585	161,156	1,314	502	404	221	221	65	97	8,584	102	$ 2,244	13,753
4.0	2028	54,585	161,156	1,314	502	404	221	221	65	97	8,584	102	$ 2,244	13,753
5.0	2029	54,039	159,545	1,301	497	400	219	219	64	96	8,498	101	$ 2,221	13,615
6.0	2030	54,039	159,545	1,301	497	400	219	219	64	96	8,498	101	$ 2,221	13,615
7.0	2031	53,498	157,949	1,288	492	396	217	217	63	95	8,413	100	$ 2,199	13,479
8.0	2032	53,498	157,949	1,288	492	396	217	217	63	95	8,413	100	$ 2,199	13,479
9.0	2033	52,963	156,370	1,275	487	392	214	215	63	94	8,329	99	$ 2,177	13,344
10.0	2034	52,963	156,370	1,275	487	392	214	215	63	94	8,329	99	$ 2,177	13,344
11.0	2035	52,434	154,806	1,262	482	388	212	212	62	93	8,245	98	$ 2,155	13,211
12.0	2036	52,434	154,806	1,262	482	388	212	212	62	93	8,245	98	$ 2,155	13,211
13.0	2037	51,909	153,258	1,250	478	384	210	210	62	92	8,163	97	$ 2,134	13,079
14.0	2038	51,909	153,258	1,250	478	384	210	210	62	92	8,163	97	$ 2,134	13,079
15.0	2039	51,390	151,725	1,237	473	380	208	208	61	91	8,081	96	$ 2,112	12,948
16.0	2040	51,390	151,725	1,237	473	380	208	208	61	91	8,081	96	$ 2,112	12,948
17.0	2041	50,876	150,208	1,225	468	376	206	206	60	90	8,001	95	$ 2,091	12,818
18.0	2042	50,876	150,208	1,225	468	376	206	206	60	90	8,001	95	$ 2,091	12,818
19.0	2043	50,368	148,706	1,213	463	372	204	204	60	89	7,921	94	$ 2,070	12,690
20.0	2044	50,368	148,706	1,213	463	372	204	204	60	89	7,921	94	$ 2,070	12,690
21.0	2045	49,864	147,219	1,200	459	369	202	202	59	88	7,841	93	$ 2,050	12,563
22.0	2046	49,864	147,219	1,200	459	369	202	202	59	88	7,841	93	$ 2,050	12,563
23.0	2047	49,365	145,747	1,188	454	365	200	200	59	87	7,763	92	$ 2,029	12,438
24.0	2048	49,365	145,747	1,188	454	365	200	200	59	87	7,763	92	$ 2,029	12,438
25.0	2049	48,872	144,289	1,177	450	361	198	198	58	87	7,685	91	$ 2,009	12,313
	TOTAL			$ 31,338	$ 11,977	$ 9,626	$ 5,268	$ 5,274	$ 1,543	$ 2,305	$ 204,703	$ 2,428	$ 53,508	$ 327,971

Exhibit F-5

SPR 18148992.13

Pacific South Project

Tax Impact Analysis

Projected Taxes with Renovation but without Abatement

Biennial Growth Rate Assumption - Real Estate Taxes **2.00%**

Year		Assessed Value ($)		Real Estate Taxes Paid										
				0.6091	0.2328	0.1871	0.1024	0.1025	0.0300	0.0448	3.9787	0.0472	-	5.3346
Plan	Calendar	Total Land	Total Imp.	City of Springfield	Greene County Library	Ozarks Tech. College	Greene County	Road & Bridge	State of Missouri	Sheltered Workshop	Springfield R-12	County Seniors' Services	Commercial SurTax	Tax Paid
1.0	2025	100,510	2,883,440	$ 18,175	$ 6,947	$ 5,583	$ 3,056	$ 3,059	$ 895	$ 1,337	$ 118,722	$ 1,408	$ -	$ 159,182
2.0	2026	100,510	2,883,440	18,175	6,947	5,583	3,056	3,059	895	1,337	118,722	1,408	$ -	159,182
3.0	2027	102,520	2,941,109	18,539	7,086	5,695	3,117	3,120	913	1,364	121,097	1,437	$ -	162,365
4.0	2028	102,520	2,941,109	18,539	7,086	5,695	3,117	3,120	913	1,364	121,097	1,437	$ -	162,365
5.0	2029	104,571	2,999,931	18,910	7,227	5,809	3,179	3,182	931	1,391	123,519	1,465	$ -	165,613
6.0	2030	104,571	2,999,931	18,910	7,227	5,809	3,179	3,182	931	1,391	123,519	1,465	$ -	165,613
7.0	2031	106,662	3,059,930	19,288	7,372	5,925	3,243	3,246	950	1,419	125,989	1,495	$ -	168,925
8.0	2032	106,662	3,059,930	19,288	7,372	5,925	3,243	3,246	950	1,419	125,989	1,495	$ -	168,925
9.0	2033	108,795	3,121,128	19,673	7,519	6,043	3,307	3,311	969	1,447	128,509	1,525	$ -	172,303
10.0	2034	108,795	3,121,128	19,673	7,519	6,043	3,307	3,311	969	1,447	128,509	1,525	$ -	172,303
11.0	2035	110,971	3,183,551	20,067	7,670	6,164	3,374	3,377	988	1,476	131,079	1,555	$ -	175,750
12.0	2036	110,971	3,183,551	20,067	7,670	6,164	3,374	3,377	988	1,476	131,079	1,555	$ -	175,750
13.0	2037	113,191	3,247,222	20,468	7,823	6,287	3,441	3,444	1,008	1,505	133,701	1,586	$ -	179,265
14.0	2038	113,191	3,247,222	20,468	7,823	6,287	3,441	3,444	1,008	1,505	133,701	1,586	$ -	179,265
15.0	2039	115,454	3,312,166	20,878	7,980	6,413	3,510	3,513	1,028	1,536	136,375	1,618	$ -	182,850
16.0	2040	115,454	3,312,166	20,878	7,980	6,413	3,510	3,513	1,028	1,536	136,375	1,618	$ -	182,850
17.0	2041	117,763	3,378,410	21,295	8,139	6,541	3,580	3,584	1,049	1,566	139,102	1,650	$ -	186,507
18.0	2042	117,763	3,378,410	21,295	8,139	6,541	3,580	3,584	1,049	1,566	139,102	1,650	$ -	186,507
19.0	2043	120,119	3,445,978	21,721	8,302	6,672	3,652	3,655	1,070	1,598	141,884	1,683	$ -	190,237
20.0	2044	120,119	3,445,978	21,721	8,302	6,672	3,652	3,655	1,070	1,598	141,884	1,683	$ -	190,237
21.0	2045	122,521	3,514,897	22,156	8,468	6,806	3,725	3,728	1,091	1,630	144,722	1,717	$ -	194,042
22.0	2046	122,521	3,514,897	22,156	8,468	6,806	3,725	3,728	1,091	1,630	144,722	1,717	$ -	194,042
23.0	2047	124,972	3,585,195	22,599	8,637	6,942	3,799	3,803	1,113	1,662	147,616	1,751	$ -	197,923
24.0	2048	124,972	3,585,195	22,599	8,637	6,942	3,799	3,803	1,113	1,662	147,616	1,751	$ -	197,923
25.0	2049	127,471	3,656,899	23,051	8,810	7,081	3,875	3,879	1,135	1,695	150,569	1,786	$ -	201,881
		TOTAL		$ 510,586	$ 195,148	$ 156,839	$ 85,838	$ 85,922	$ 25,148	$ 37,554	$ 3,335,200	$ 39,566	$ -	$ 4,471,802

Exhibit F-6

SPR 18148992.13

Pacific South Project

Tax Impact Analysis

Projected Tax Impact following proposed Renovation and Abatement

Biennial Growth Rate Assumption - Real Estate Taxes **2.00%**

Year		Assessed Value ($)		Real Estate Taxes Paid										
				0.6091	0.2328	0.1871	0.1024	0.1025	0.0300	0.0448	3.9787	0.0472	1.0400	6.3746
Plan	Calendar	Total Land	Total Imp.	City of Springfield	Greene County Library	Ozarks Tech. College	Greene County	Road & Bridge	State of Missouri	County Developmental Disability	Springfield R-12	County Seniors' Services	Commercial SurTax	Tax Paid
1.0	2025	55,136	162,784	$ 1,327	$ 507	$ 408	$ 223	$ 223	$ 65	$ 98	$ 8,670	$ 103	$ 2,266	$ 13,892
2.0	2026	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
3.0	2027	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
4.0	2028	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
5.0	2029	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
6.0	2030	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
7.0	2031	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
8.0	2032	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
9.0	2033	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
10.0	2034	55,136	162,784	1,327	507	408	223	223	65	98	8,670	103	$ 2,266	13,892
11.0	2035	110,971	3,183,551	10,033	3,835	3,082	1,687	1,688	494	738	65,540	778	$ -	87,875
12.0	2036	110,971	3,183,551	10,033	3,835	3,082	1,687	1,688	494	738	65,540	778	$ -	87,875
13.0	2037	113,190	3,247,222	10,234	3,912	3,144	1,721	1,722	504	753	66,850	793	$ -	89,632
14.0	2038	113,190	3,247,222	10,234	3,912	3,144	1,721	1,722	504	753	66,850	793	$ -	89,632
15.0	2039	115,454	3,312,166	10,439	3,990	3,207	1,755	1,757	514	768	68,187	809	$ -	91,425
16.0	2040	115,454	3,312,166	10,439	3,990	3,207	1,755	1,757	514	768	68,187	809	$ -	91,425
17.0	2041	117,763	3,378,410	10,648	4,070	3,271	1,790	1,792	524	783	69,551	825	$ -	93,253
18.0	2042	117,763	3,378,410	10,648	4,070	3,271	1,790	1,792	524	783	69,551	825	$ -	93,253
19.0	2043	120,119	3,445,978	10,861	4,151	3,336	1,826	1,828	535	799	70,942	842	$ -	95,118
20.0	2044	120,119	3,445,978	10,861	4,151	3,336	1,826	1,828	535	799	70,942	842	$ -	95,118
21.0	2045	122,521	3,514,898	11,078	4,234	3,403	1,862	1,864	546	815	72,361	858	$ -	97,021
22.0	2046	122,521	3,514,898	11,078	4,234	3,403	1,862	1,864	546	815	72,361	858	$ -	97,021
23.0	2047	124,971	3,585,195	11,299	4,319	3,471	1,900	1,901	557	831	73,808	876	$ -	98,961
24.0	2048	124,971	3,585,195	11,299	4,319	3,471	1,900	1,901	557	831	73,808	876	$ -	98,961
25.0	2049	127,471	3,656,899	11,525	4,405	3,540	1,938	1,939	568	848	75,284	893	$ -	100,941
		TOTAL		$ 173,982	$ 66,497	$ 53,443	$ 29,249	$ 29,278	$ 8,569	$ 12,797	$ 1,136,468	$ 13,482	$ 22,664	$ 1,546,428
			10 Yr. PILOT	$ 13,274	$ 5,073	$ 4,077	$ 2,232	$ 2,234	$ 654	$ 976	$ 86,704	$ 1,029	$ 22,664	$ 138,915

Years 1-10 are the PILOT years.

Exhibit F-7

SPR 18148992.13

Pacific South Project Redevelopment Area
Tax Impact Analysis

Jurisdiction	Tax Revenue: Without Redevelopment or Abatement	Tax Revenue: ***With Redevelopment and Abatement	Tax Revenue: 10 Yr. PILOT	Tax Revenue: Total Impact on Juris.
City of Springfield	$ 31,338	$ 173,982	$ 13,274	$ 142,644
Greene County Library	11,977	66,497	$ 5,073	54,519
Ozarks Technical College	9,626	53,443	$ 4,077	43,817
Greene County	5,268	29,249	$ 2,232	23,981
Road & Bridge	5,274	29,278	$ 2,234	24,004
State of Missouri	1,543	8,569	$ 654	7,026
County Developmental Disability	2,305	12,797	$ 976	10,492
Springfield R-12	204,703	1,136,468	$ 86,704	931,765
County Seniors' Services	2,428	13,482	$ 1,029	11,054
Commercial SurTax	53,508	22,664	22,664	(30,844)
Total	$ 327,971	$ 1,546,428	$ 138,916	$ 1,218,457

***Includes Taxes and PILOTS

Exhibit F-8

	2025 Projections	2025 w/Abatement	2026 Projections	2026 w/Abatement	2027 Projections	2027 w/Abatement	2028 Projections	2028 w/Abatement
INCOME:								
1 BR/1 BA w/Garage	$ 504,600.00	$ 504,600.00	$ 514,692.00	$ 514,692.00	$ 524,985.84	$ 524,985.84	$ 535,485.56	$ 535,485.56
1 BR/1 BA	$ 15,000.00	$ 15,000.00	$ 15,300.00	$ 15,300.00	$ 15,606.00	$ 15,606.00	$ 15,918.12	$ 15,918.12
2 BR/2 BA w/Garage	$ 678,600.00	$ 678,600.00	$ 692,172.00	$ 692,172.00	$ 706,015.44	$ 706,015.44	$ 720,135.75	$ 720,135.75
2BR/2BA	$ 19,200.00	$ 19,200.00	$ 19,584.00	$ 19,584.00	$ 19,975.68	$ 19,975.68	$ 20,375.19	$ 20,375.19
3 BR/2 BA w?Garage	$ 165,600.00	$ 165,600.00	$ 168,912.00	$ 168,912.00	$ 172,290.24	$ 172,290.24	$ 175,736.04	$ 175,736.04
Studio-Garage	$ 82,800.00	$ 82,800.00	$ 84,456.00	$ 84,456.00	$ 86,145.12	$ 86,145.12	$ 87,868.02	$ 87,868.02
RUBS	$ 66,528.00	$ 66,528.00	$ 67,858.56	$ 67,858.56	$ 69,215.73	$ 69,215.73	$ 70,600.05	$ 70,600.05
Fees	$ 145,530.00	$ 145,530.00	$ 148,440.60	$ 148,440.60	$ 151,409.41	$ 151,409.41	$ 154,437.60	$ 154,437.60
Gross Income	$ 1,677,858.00	$ 1,677,858.00	$ 1,711,415.16	$ 1,711,415.16	$ 1,745,643.46	$ 1,745,643.46	$ 1,780,556.33	$ 1,780,556.33
Bad Rents/Vacancy (5%)	$ (419,464.50)	$ (419,464.50)	$ (171,141.52)	$ (171,141.52)	$ (87,282.17)	$ (87,282.17)	$ (89,027.82)	$ (89,027.82)
Adjusted Gross Income	$ 1,258,393.50	$ 1,258,393.50	$ 1,540,273.64	$ 1,540,273.64	$ 1,658,361.29	$ 1,658,361.29	$ 1,691,528.52	$ 1,691,528.52
EXPENSES:								
Real Estate Taxes (including PILOTs)	$ (159,182)	$ (13,892)	$ (159,182)	$ (13,892)	$ (162,365)	$ (13,892)	$ (162,365)	$ (13,892)
Insurance	(36,000)	(36,000)	(37,080)	(37,080)	(38,192)	(38,192)	(39,338)	(39,338)
Reserves	(36,000)	(36,000)	(37,080)	(37,080)	(38,192)	(38,192)	(39,338)	(39,338)
Utilities	(46,800)	(46,800)	(48,204)	(48,204)	(49,650)	(49,650)	(51,140)	(51,140)
Advertising	(18,000)	(18,000)	(18,540)	(18,540)	(19,096)	(19,096)	(19,669)	(19,669)
Maintenance/Landscape/Trash/Cleaning	(36,000)	(36,000)	(37,080)	(37,080)	(38,192)	(38,192)	(39,338)	(39,338)
Contracted Services	(21,600)	(21,600)	(22,248)	(22,248)	(22,915)	(22,915)	(23,603)	(23,603)
Administrative/General (Admin/Mgmt/Apt Prep&Turnover, etc.)	(102,600)	(102,600)	(105,678)	(105,678)	(108,848)	(108,848)	(112,114)	(112,114)
Payroll	(54,000)	(54,000)	(55,620)	(54,000)	(57,289)	(54,000)	(59,007)	(54,000)
Total Expenses	$ (510,181.80)	$ (364,891.53)	$ (520,711.80)	$ (373,801.53)	$ (534,741.33)	$ (382,978.83)	$ (545,912.61)	$ (392,431.45)
Net Operating Income	$ 748,211.70	$ 893,501.97	$ 1,019,561.85	$ 1,166,472.12	$ 1,123,619.96	$ 1,275,382.46	$ 1,145,615.91	$ 1,299,097.07
Less Debt Service (Bank)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)
Cash Flow	$ (321,180.30)	$ (175,890.03)	$ (49,830.15)	$ 97,080.12	$ 54,227.96	$ 205,990.46	$ 76,223.91	$ 229,705.07
Cash on Cash Return	-8%	-4%	-1%	2%	1%	5%	2%	6%

		Rate	Amort.	Monthly Pmt.	Annual Pmt.	Term
Bank Loan Amount (Term Sheet)	$14,863,851.00	6.00%	30 years	$89,116.00	$1,069,852.00	3 years

Return Analysis follows this Pro Forma

Annual Expense Increase	3.00%
Annual Rent Increase	2.00%
Apartment Vacancy Loss	5.00%

Borrower Equity
$4,064,529.00

Absorption Period

(Year 1) 2025 asumes 75% lease-up reflected in higher vacancy rate
(Year 2) 2026 assumes 90% lease-up reflected in higher vacancy rate

Insurance	5.76%	Expenses as percentage of total expenses w/o abatement
Reserves	5.76%	
Utilities	7.48%	
Advertising	2.88%	
Maintenance	5.76%	
Contracted Services	3.45%	
Payroll	8.63%	
Taxes	43.88%	
Administrative and General	16.40%	

Exhibit F-9

SPR 18148992.13

2029 Projections	2029 w/Abatement	2030 Projections	2030 w/Abatement	2031 Projections	2031 w/Abatement	2032 Projections	2032 w/Abatement	2033 Projections	2033 w/Abatement	2034 Projections	2034 w/Abatement
$ 546,195.27	$ 546,195.27	$ 557,119.17	$ 557,119.17	$ 568,261.56	$ 568,261.56	$ 579,626.79	$ 579,626.79	$ 591,219.32	$ 591,219.32	$ 603,043.71	$ 603,043.71
$ 16,236.48	$ 16,236.48	$ 16,561.21	$ 16,561.21	$ 16,892.44	$ 16,892.44	$ 17,230.29	$ 17,230.29	$ 17,574.89	$ 17,574.89	$ 17,926.39	$ 17,926.39
$ 734,538.46	$ 734,538.46	$ 749,229.23	$ 749,229.23	$ 764,213.82	$ 764,213.82	$ 779,498.09	$ 779,498.09	$ 795,088.06	$ 795,088.06	$ 810,989.82	$ 810,989.82
$ 20,782.70	$ 20,782.70	$ 21,198.35	$ 21,198.35	$ 21,622.32	$ 21,622.32	$ 22,054.76	$ 22,054.76	$ 22,495.86	$ 22,495.86	$ 22,945.78	$ 22,945.78
$ 179,250.77	$ 179,250.77	$ 182,835.78	$ 182,835.78	$ 186,492.50	$ 186,492.50	$ 190,222.35	$ 190,222.35	$ 194,026.79	$ 194,026.79	$ 197,907.33	$ 197,907.33
$ 89,625.38	$ 89,625.38	$ 91,417.89	$ 91,417.89	$ 93,246.25	$ 93,246.25	$ 95,111.17	$ 95,111.17	$ 97,013.40	$ 97,013.40	$ 98,953.66	$ 98,953.66
$ 72,012.05	$ 72,012.05	$ 73,452.29	$ 73,452.29	$ 74,921.33	$ 74,921.33	$ 76,419.76	$ 76,419.76	$ 77,948.16	$ 77,948.16	$ 79,507.12	$ 79,507.12
$ 157,526.35	$ 157,526.35	$ 160,676.88	$ 160,676.88	$ 163,890.42	$ 163,890.42	$ 167,168.23	$ 167,168.23	$ 170,511.59	$ 170,511.59	$ 173,921.82	$ 173,921.82
$ 1,816,167.46	$ 1,816,167.46	$ 1,852,490.81	$ 1,852,490.81	$ 1,889,540.62	$ 1,889,540.62	$ 1,927,331.44	$ 1,927,331.44	$ 1,965,878.07	$ 1,965,878.07	$ 2,005,195.63	$ 2,005,195.63
$ (90,808.37)	$ (90,808.37)	$ (92,624.54)	$ (92,624.54)	$ (94,477.03)	$ (94,477.03)	$ (96,366.57)	$ (96,366.57)	$ (98,293.90)	$ (98,293.90)	$ (100,259.78)	$ (100,259.78)
$ 1,725,359.09	$ 1,725,359.09	$ 1,759,866.27	$ 1,759,866.27	$ 1,795,063.59	$ 1,795,063.59	$ 1,830,964.87	$ 1,830,964.87	$ 1,867,584.16	$ 1,867,584.16	$ 1,904,935.85	$ 1,904,935.85
$ (165,613)	$ (13,892)	$ (165,613)	$ (13,892)	$ (168,925)	$ (13,892)	$ (168,925)	$ (13,892)	$ (172,303)	$ (13,892)	$ (172,303)	$ (13,892)
(40,518)	(40,518)	(41,734)	(41,734)	(42,986)	(42,986)	(44,275)	(44,275)	(45,604)	(45,604)	(46,972)	(46,972)
(40,518)	(40,518)	(41,734)	(41,734)	(42,986)	(42,986)	(44,275)	(44,275)	(45,604)	(45,604)	(46,972)	(46,972)
(52,674)	(52,674)	(54,254)	(54,254)	(55,882)	(55,882)	(57,558)	(57,558)	(59,285)	(59,285)	(61,063)	(61,063)
(20,259)	(20,259)	(20,867)	(20,867)	(21,493)	(21,493)	(22,138)	(22,138)	(22,802)	(22,802)	(23,486)	(23,486)
(40,518)	(40,518)	(41,734)	(41,734)	(42,986)	(42,986)	(44,275)	(44,275)	(45,604)	(45,604)	(46,972)	(46,972)
(24,311)	(24,311)	(25,040)	(25,040)	(25,792)	(25,792)	(26,565)	(26,565)	(27,362)	(27,362)	(28,183)	(28,183)
(115,477)	(115,477)	(118,942)	(118,942)	(122,510)	(122,510)	(126,185)	(126,185)	(129,971)	(129,971)	(133,870)	(133,870)
(60,777)	(54,000)	(62,601)	(54,000)	(64,479)	(54,000)	(66,413)	(54,000)	(68,406)	(54,000)	(70,458)	(54,000)
$ (560,666.33)	$ (402,167.64)	$ (572,517.94)	$ (412,195.93)	$ (588,037.35)	$ (422,525.06)	$ (600,610.72)	$ (433,164.07)	$ (616,939.79)	$ (444,122.24)	$ (630,278.88)	$ (455,409.16)
$ 1,164,692.75	$ 1,323,191.44	$ 1,187,348.33	$ 1,347,670.34	$ 1,207,026.24	$ 1,372,538.53	$ 1,230,354.14	$ 1,397,800.80	$ 1,250,644.37	$ 1,423,461.92	$ 1,274,656.96	$ 1,449,526.68
($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)
$ 95,300.75	$ 253,799.44	$ 117,956.33	$ 278,278.34	$ 137,634.24	$ 303,146.53	$ 160,962.14	$ 328,408.80	$ 181,252.37	$ 354,069.92	$ 205,264.96	$ 380,134.68
2%	6%	3%	7%	3%	7%	4%	8%	4%	9%	5%	9%

Exhibit F-10

SPR 18148992.13

2035 Projections	2035 w/Abatement	2036 Projections	2036 w/Abatement	2037 Projections	2037 w/Abatement	2038 Projections	2038 w/Abatement	2039 Projections	2039 w/Abatement	2040 Projections	2040 w/Abatement
$ 615,104.58	$ 615,104.58	$ 627,406.68	$ 627,406.68	$ 639,954.81	$ 639,954.81	$ 652,753.91	$ 652,753.91	$ 665,808.98	$ 665,808.98	$ 679,125.16	$ 679,125.16
$ 18,284.92	$ 18,284.92	$ 18,650.61	$ 18,650.61	$ 19,023.63	$ 19,023.63	$ 19,404.10	$ 19,404.10	$ 19,792.18	$ 19,792.18	$ 20,188.03	$ 20,188.03
$ 827,209.61	$ 827,209.61	$ 843,753.81	$ 843,753.81	$ 860,628.88	$ 860,628.88	$ 877,841.46	$ 877,841.46	$ 895,398.29	$ 895,398.29	$ 913,306.25	$ 913,306.25
$ 23,404.69	$ 23,404.69	$ 23,872.79	$ 23,872.79	$ 24,350.24	$ 24,350.24	$ 24,837.25	$ 24,837.25	$ 25,333.99	$ 25,333.99	$ 25,840.67	$ 25,840.67
$ 201,865.48	$ 201,865.48	$ 205,902.79	$ 205,902.79	$ 210,020.84	$ 210,020.84	$ 214,221.26	$ 214,221.26	$ 218,505.68	$ 218,505.68	$ 222,875.80	$ 222,875.80
$ 100,932.74	$ 100,932.74	$ 102,951.39	$ 102,951.39	$ 105,010.42	$ 105,010.42	$ 107,110.63	$ 107,110.63	$ 109,252.84	$ 109,252.84	$ 111,437.90	$ 111,437.90
$ 81,097.26	$ 81,097.26	$ 82,719.21	$ 82,719.21	$ 84,373.59	$ 84,373.59	$ 86,061.06	$ 86,061.06	$ 87,782.28	$ 87,782.28	$ 89,537.93	$ 89,537.93
$ 177,400.26	$ 177,400.26	$ 180,948.26	$ 180,948.26	$ 184,567.23	$ 184,567.23	$ 188,258.57	$ 188,258.57	$ 192,023.74	$ 192,023.74	$ 195,864.22	$ 195,864.22
$ 2,045,299.54	$ 2,045,299.54	$ 2,086,205.53	$ 2,086,205.53	$ 2,127,929.64	$ 2,127,929.64	$ 2,170,488.23	$ 2,170,488.23	$ 2,213,898.00	$ 2,213,898.00	$ 2,258,175.96	$ 2,258,175.96
$ (102,264.98)	$ (102,264.98)	$ (104,310.28)	$ (104,310.28)	$ (106,396.48)	$ (106,396.48)	$ (108,524.41)	$ (108,524.41)	$ (110,694.90)	$ (110,694.90)	$ (112,908.80)	$ (112,908.80)
$ 1,943,034.56	$ 1,943,034.56	$ 1,981,895.25	$ 1,981,895.25	$ 2,021,533.16	$ 2,021,533.16	$ 2,061,963.82	$ 2,061,963.82	$ 2,103,203.10	$ 2,103,203.10	$ 2,145,267.16	$ 2,145,267.16
$ (172,303)	$ (87,875)	$ (172,303)	$ (87,875)	$ (172,303)	$ (89,632)	$ (172,303)	$ (89,632)	$ (172,303)	$ (91,425)	$ (172,303)	$ (91,425)
(48,381)	(48,381)	(49,832)	(49,832)	(51,327)	(51,327)	(52,867)	(52,867)	(54,453)	(54,453)	(56,087)	(56,087)
(48,381)	(48,381)	(49,832)	(49,832)	(51,327)	(51,327)	(52,867)	(52,867)	(54,453)	(54,453)	(56,087)	(56,087)
(62,895)	(62,895)	(64,782)	(64,782)	(66,726)	(66,726)	(68,727)	(68,727)	(70,789)	(70,789)	(72,913)	(72,913)
(24,190)	(24,190)	(24,916)	(24,916)	(25,664)	(25,664)	(26,434)	(26,434)	(27,227)	(27,227)	(28,043)	(28,043)
(48,381)	(48,381)	(49,832)	(49,832)	(51,327)	(51,327)	(52,867)	(52,867)	(54,453)	(54,453)	(56,087)	(56,087)
(29,029)	(29,029)	(29,899)	(29,899)	(30,796)	(30,796)	(31,720)	(31,720)	(32,672)	(32,672)	(33,652)	(33,652)
(137,886)	(137,886)	(142,022)	(142,022)	(146,283)	(146,283)	(150,672)	(150,672)	(155,192)	(155,192)	(159,847)	(159,847)
(72,571)	(54,000)	(74,749)	(54,000)	(76,991)	(54,000)	(79,301)	(54,000)	(81,680)	(54,000)	(84,130)	(54,000)
$ (644,018.15)	$ (541,017.95)	$ (658,169.58)	$ (552,992.24)	$ (672,745.57)	$ (567,083.26)	$ (687,758.83)	$ (579,786.79)	$ (703,222.49)	$ (594,664.07)	$ (719,150.06)	$ (608,141.25)
$ 1,299,016.42	$ 1,402,016.61	$ 1,323,725.67	$ 1,428,903.01	$ 1,348,787.59	$ 1,454,449.89	$ 1,374,204.99	$ 1,482,177.03	$ 1,399,980.61	$ 1,508,539.02	$ 1,426,117.10	$ 1,537,125.91
($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)
$ 229,624.42	$ 332,624.61	$ 254,333.67	$ 359,511.01	$ 279,395.59	$ 385,057.89	$ 304,812.99	$ 412,785.03	$ 330,588.61	$ 439,147.02	$ 356,725.10	$ 467,733.91
6%	8%	6%	9%	7%	9%	7%	10%	8%	11%	9%	12%

Exhibit F-11

SPR 18148992.13

2041 Projections	2041 w/Abatement	2042 Projections	2042 w/Abatement	2043 Projections	2043 w/Abatement	2044 Projections	2044 w/Abatement	2045 Projections	2045 w/Abatement	2046 Projections	2046 w/Abatement
$ 692,707.67	$ 692,707.67	$ 706,561.82	$ 706,561.82	$ 720,693.06	$ 720,693.06	$ 735,106.92	$ 735,106.92	$ 749,809.06	$ 749,809.06	$ 764,805.24	$ 764,805.24
$ 20,591.79	$ 20,591.79	$ 21,003.62	$ 21,003.62	$ 21,423.69	$ 21,423.69	$ 21,852.17	$ 21,852.17	$ 22,289.21	$ 22,289.21	$ 22,735.00	$ 22,735.00
$ 931,572.38	$ 931,572.38	$ 950,203.83	$ 950,203.83	$ 969,207.90	$ 969,207.90	$ 988,592.06	$ 988,592.06	$ 1,008,363.90	$ 1,008,363.90	$ 1,028,531.18	$ 1,028,531.18
$ 26,357.49	$ 26,357.49	$ 26,884.64	$ 26,884.64	$ 27,422.33	$ 27,422.33	$ 27,970.77	$ 27,970.77	$ 28,530.19	$ 28,530.19	$ 29,100.79	$ 29,100.79
$ 227,333.31	$ 227,333.31	$ 231,879.98	$ 231,879.98	$ 236,517.58	$ 236,517.58	$ 241,247.93	$ 241,247.93	$ 246,072.89	$ 246,072.89	$ 250,994.35	$ 250,994.35
$ 113,666.66	$ 113,666.66	$ 115,939.99	$ 115,939.99	$ 118,258.79	$ 118,258.79	$ 120,623.97	$ 120,623.97	$ 123,036.44	$ 123,036.44	$ 125,497.17	$ 125,497.17
$ 91,328.69	$ 91,328.69	$ 93,155.26	$ 93,155.26	$ 95,018.37	$ 95,018.37	$ 96,918.73	$ 96,918.73	$ 98,857.11	$ 98,857.11	$ 100,834.25	$ 100,834.25
$ 199,781.50	$ 199,781.50	$ 203,777.13	$ 203,777.13	$ 207,852.68	$ 207,852.68	$ 212,009.73	$ 212,009.73	$ 216,249.92	$ 216,249.92	$ 220,574.92	$ 220,574.92
$ 2,303,339.48	$ 2,303,339.48	$ 2,349,406.27	$ 2,349,406.27	$ 2,396,394.39	$ 2,396,394.39	$ 2,444,322.28	$ 2,444,322.28	$ 2,493,208.73	$ 2,493,208.73	$ 2,543,072.90	$ 2,543,072.90
$ (115,166.97)	$ (115,166.97)	$ (117,470.31)	$ (117,470.31)	$ (119,819.72)	$ (119,819.72)	$ (122,216.11)	$ (122,216.11)	$ (124,660.44)	$ (124,660.44)	$ (127,153.65)	$ (127,153.65)
$ 2,188,172.50	$ 2,188,172.50	$ 2,231,935.95	$ 2,231,935.95	$ 2,276,574.67	$ 2,276,574.67	$ 2,322,106.17	$ 2,322,106.17	$ 2,368,548.29	$ 2,368,548.29	$ 2,415,919.26	$ 2,415,919.26
$ (172,303)	$ (93,253)	$ (172,303)	$ (93,253)	$ (172,303)	$ (95,118)	$ (172,303)	$ (95,118)	$ (172,303)	$ (97,021)	$ (172,303)	$ (97,021)
(57,769)	(57,769)	(59,503)	(59,503)	(61,288)	(61,288)	(63,126)	(63,126)	(65,020)	(65,020)	(66,971)	(66,971)
(57,769)	(57,769)	(59,503)	(59,503)	(61,288)	(61,288)	(63,126)	(63,126)	(65,020)	(65,020)	(66,971)	(66,971)
(75,100)	(75,100)	(77,353)	(77,353)	(79,674)	(79,674)	(82,064)	(82,064)	(84,526)	(84,526)	(87,062)	(87,062)
(28,885)	(28,885)	(29,751)	(29,751)	(30,644)	(30,644)	(31,563)	(31,563)	(32,510)	(32,510)	(33,485)	(33,485)
(57,769)	(57,769)	(59,503)	(59,503)	(61,288)	(61,288)	(63,126)	(63,126)	(65,020)	(65,020)	(66,971)	(66,971)
(34,662)	(34,662)	(35,702)	(35,702)	(36,773)	(36,773)	(37,876)	(37,876)	(39,012)	(39,012)	(40,182)	(40,182)
(164,643)	(164,643)	(169,582)	(169,582)	(174,670)	(174,670)	(179,910)	(179,910)	(185,307)	(185,307)	(190,866)	(190,866)
(86,654)	(54,000)	(89,254)	(54,000)	(91,931)	(54,000)	(94,689)	(54,000)	(97,530)	(54,000)	(100,456)	(54,000)
$ (735,555.46)	$ (623,851.24)	$ (752,453.01)	$ (638,149.17)	$ (769,857.50)	$ (654,741.11)	$ (787,784.12)	$ (669,909.79)	$ (806,248.54)	$ (687,435.90)	$ (825,266.89)	$ (703,528.35)
$ 1,452,617.05	$ 1,564,321.27	$ 1,479,482.94	$ 1,593,786.78	$ 1,506,717.17	$ 1,621,833.56	$ 1,534,322.05	$ 1,652,196.37	$ 1,562,299.75	$ 1,681,112.39	$ 1,590,652.36	$ 1,712,390.90
($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)
$ 383,225.05	$ 494,929.27	$ 410,090.94	$ 524,394.78	$ 437,325.17	$ 552,441.56	$ 464,930.05	$ 582,804.37	$ 492,907.75	$ 611,720.39	$ 521,260.36	$ 642,998.90
9%	12%	10%	13%	11%	14%	11%	14%	12%	15%	13%	16%

Exhibit F-12

SPR 18148992.13

2047 Projections	2047 w/Abatement	2048 Projections	2048 w/Abatement	2049 Projections	2049 w/Abatement
$ 780,101.34	$ 780,101.34	$ 795,703.37	$ 795,703.37	$ 811,617.44	$ 811,617.44
$ 23,189.70	$ 23,189.70	$ 23,653.49	$ 23,653.49	$ 24,126.56	$ 24,126.56
$ 1,049,101.80	$ 1,049,101.80	$ 1,070,083.84	$ 1,070,083.84	$ 1,091,485.52	$ 1,091,485.52
$ 29,682.81	$ 29,682.81	$ 30,276.47	$ 30,276.47	$ 30,882.00	$ 30,882.00
$ 256,014.23	$ 256,014.23	$ 261,134.52	$ 261,134.52	$ 266,357.21	$ 266,357.21
$ 128,007.12	$ 128,007.12	$ 130,567.26	$ 130,567.26	$ 133,178.60	$ 133,178.60
$ 102,850.94	$ 102,850.94	$ 104,907.95	$ 104,907.95	$ 107,006.11	$ 107,006.11
$ 224,986.42	$ 224,986.42	$ 229,486.15	$ 229,486.15	$ 234,075.87	$ 234,075.87
$ 2,593,934.36	$ 2,593,934.36	$ 2,645,813.05	$ 2,645,813.05	$ 2,698,729.31	$ 2,698,729.31
$ (129,696.72)	$ (129,696.72)	$ (132,290.65)	$ (132,290.65)	$ (134,936.47)	$ (134,936.47)
$ 2,464,237.64	$ 2,464,237.64	$ 2,513,522.39	$ 2,513,522.39	$ 2,563,792.84	$ 2,563,792.84
$ (172,303)	$ (98,961)	$ (172,303)	$ (98,961)	$ (172,303)	$ (100,941)
(68,980)	(68,980)	(71,049)	(71,049)	(73,181)	(73,181)
(68,980)	(68,980)	(71,049)	(71,049)	(73,181)	(73,181)
(89,674)	(89,674)	(92,364)	(92,364)	(95,135)	(95,135)
(34,490)	(34,490)	(35,525)	(35,525)	(36,590)	(36,590)
(68,980)	(68,980)	(71,049)	(71,049)	(73,181)	(73,181)
(41,388)	(41,388)	(42,629)	(42,629)	(43,908)	(43,908)
(196,592)	(196,592)	(202,490)	(202,490)	(208,565)	(208,565)
(103,470)	(54,000)	(106,574)	(54,000)	(109,771)	(54,000)
$ (844,855.79)	$ (722,043.99)	$ (865,032.36)	$ (739,116.47)	$ (885,814.23)	$ (758,680.36)
$ 1,619,381.85	$ 1,742,193.65	$ 1,648,490.03	$ 1,774,405.92	$ 1,677,978.61	$ 1,805,112.49
($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)	($1,069,392.00)	$ (1,069,392.00)
$ 549,989.85	$ 672,801.65	$ 579,098.03	$ 705,013.92	$ 608,586.61	$ 735,720.49
14%	17%	14%	17%	15%	18%

Exhibit F-13

SOURCES & USES OF FUNDS

USE OF FUNDS (Based on Development Budget)	
Acquisition Cost	$ 1,511,640.00
Reserves/Fees/Contingency	$ 2,787,082.00
Soft Cost - Renovation	$ 962,858.00
Hard Cost - Renovation	$ 13,666,800.00
Cobined Total Cost	$ 18,928,380.00

SOURCES OF FUNDS	
Borrower Equity	$ 4,064,529.00
Construction Loan -	$ 14,863,851.00
Total Loans + Equity	$ 18,928,380.00

Return Analysis

Cash-on-Cash Return (with Abatement)

	Construction	Year 1	Year 2	Year 3
Initial Equity/Residual Value	(4,064,529)			
Cash Flow		(175,890)	97,080	205,990
Total Cash Flow	(4,064,529)	(175,890)	97,080	205,990
Cumulative Cash Flow	(4,064,529)	(4,240,419)	(4,143,339)	(3,937,348)

Cumulative Cash on Cash Return at Stabilization	**-101.94%**
Year 3 Cash on Cash Return	**5.00%**

Cash-on-Cash Return (without Abatement)

	Construction	Year 1	Year 2	Year 3
Initial Equity	(4,064,529)			
Cash Flow		(321,180)	(49,830)	54,228
Total Cash Flow	(4,064,529)	(321,180)	(49,830)	54,228
Cumulative Cash Flow	(4,064,529)	(4,385,709)	(4,435,539)	(4,381,311)

Cumulative Cash on Cash Return at Stabilization	**-109.13%**
Year 3 Cash on Cash Return	**1.00%**

Exhibit F-15

Pacific South Project Redevelopment Area - Amortization (Bank)	
Loan Amount	$14,863,851.00
Term in Months	360
Interest Rate	6.000%
Monthly Payment	($89,116.30)
Annual Payment	($1,069,395.60)

Month	Total Pmt.	Int. Rate	Int. Pmt.	Prin. Pmt.	Principal Balance
Beg. Bal.					$14,863,851.00
1	$89,116.30	6.00%	$74,319.26	$14,797.05	$14,849,053.96
2	$89,116.30	6.00%	$74,245.27	$14,871.03	$14,834,182.92
3	$89,116.30	6.00%	$74,170.91	$14,945.39	$14,819,237.54
4	$89,116.30	6.00%	$74,096.19	$15,020.11	$14,804,217.43
5	$89,116.30	6.00%	$74,021.09	$15,095.21	$14,789,122.21
6	$89,116.30	6.00%	$73,945.61	$15,170.69	$14,773,951.53
7	$89,116.30	6.00%	$73,869.76	$15,246.54	$14,758,704.98
8	$89,116.30	6.00%	$73,793.52	$15,322.78	$14,743,382.21
9	$89,116.30	6.00%	$73,716.91	$15,399.39	$14,727,982.82
10	$89,116.30	6.00%	$73,639.91	$15,476.39	$14,712,506.43
11	$89,116.30	6.00%	$73,562.53	$15,553.77	$14,696,952.67
12	$89,116.30	6.00%	$73,484.76	$15,631.54	$14,681,321.13
13	$89,116.30	6.00%	$73,406.61	$15,709.69	$14,665,611.43
14	$89,116.30	6.00%	$73,328.06	$15,788.24	$14,649,823.19
15	$89,116.30	6.00%	$73,249.12	$15,867.18	$14,633,956.01
16	$89,116.30	6.00%	$73,169.78	$15,946.52	$14,618,009.49
17	$89,116.30	6.00%	$73,090.05	$16,026.25	$14,601,983.23
18	$89,116.30	6.00%	$73,009.92	$16,106.38	$14,585,876.85
19	$89,116.30	6.00%	$72,929.38	$16,186.92	$14,569,689.94
20	$89,116.30	6.00%	$72,848.45	$16,267.85	$14,553,422.08
21	$89,116.30	6.00%	$72,767.11	$16,349.19	$14,537,072.90
22	$89,116.30	6.00%	$72,685.36	$16,430.94	$14,520,641.96
23	$89,116.30	6.00%	$72,603.21	$16,513.09	$14,504,128.87
24	$89,116.30	6.00%	$72,520.64	$16,595.66	$14,487,533.21
25	$89,116.30	6.00%	$72,437.67	$16,678.63	$14,470,854.58
26	$89,116.30	6.00%	$72,354.27	$16,762.03	$14,454,092.55
27	$89,116.30	6.00%	$72,270.46	$16,845.84	$14,437,246.72
28	$89,116.30	6.00%	$72,186.23	$16,930.07	$14,420,316.65
29	$89,116.30	6.00%	$72,101.58	$17,014.72	$14,403,301.93
30	$89,116.30	6.00%	$72,016.51	$17,099.79	$14,386,202.14
31	$89,116.30	6.00%	$71,931.01	$17,185.29	$14,369,016.85
32	$89,116.30	6.00%	$71,845.08	$17,271.22	$14,351,745.64
33	$89,116.30	6.00%	$71,758.73	$17,357.57	$14,334,388.07
34	$89,116.30	6.00%	$71,671.94	$17,444.36	$14,316,943.71
35	$89,116.30	6.00%	$71,584.72	$17,531.58	$14,299,412.12
36	$89,116.30	6.00%	$71,497.06	$17,619.24	$14,281,792.88
37	$89,116.30	6.00%	$71,408.96	$17,707.34	$14,264,085.55
38	$89,116.30	6.00%	$71,320.43	$17,795.87	$14,246,289.68
39	$89,116.30	6.00%	$71,231.45	$17,884.85	$14,228,404.83
40	$89,116.30	6.00%	$71,142.02	$17,974.28	$14,210,430.55
41	$89,116.30	6.00%	$71,052.15	$18,064.15	$14,192,366.40
42	$89,116.30	6.00%	$70,961.83	$18,154.47	$14,174,211.93
43	$89,116.30	6.00%	$70,871.06	$18,245.24	$14,155,966.69
44	$89,116.30	6.00%	$70,779.83	$18,336.47	$14,137,630.23
45	$89,116.30	6.00%	$70,688.15	$18,428.15	$14,119,202.08
46	$89,116.30	6.00%	$70,596.01	$18,520.29	$14,100,681.79
47	$89,116.30	6.00%	$70,503.41	$18,612.89	$14,082,068.90
48	$89,116.30	6.00%	$70,410.34	$18,705.96	$14,063,362.94
49	$89,116.30	6.00%	$70,316.81	$18,799.49	$14,044,563.46
50	$89,116.30	6.00%	$70,222.82	$18,893.48	$14,025,669.97
51	$89,116.30	6.00%	$70,128.35	$18,987.95	$14,006,682.02
52	$89,116.30	6.00%	$70,033.41	$19,082.89	$13,987,599.13
53	$89,116.30	6.00%	$69,938.00	$19,178.30	$13,968,420.83

Exhibit F-16

54	$89,116.30	6.00%	$69,842.10	$19,274.20	$13,949,146.63
55	$89,116.30	6.00%	$69,745.73	$19,370.57	$13,929,776.07
56	$89,116.30	6.00%	$69,648.88	$19,467.42	$13,910,308.65
57	$89,116.30	6.00%	$69,551.54	$19,564.76	$13,890,743.89
58	$89,116.30	6.00%	$69,453.72	$19,662.58	$13,871,081.31
59	$89,116.30	6.00%	$69,355.41	$19,760.89	$13,851,320.42
60	$89,116.30	6.00%	$69,256.60	$19,859.70	$13,831,460.72
61	$89,116.30	6.00%	$69,157.30	$19,959.00	$13,811,501.72
62	$89,116.30	6.00%	$69,057.51	$20,058.79	$13,791,442.93
63	$89,116.30	6.00%	$68,957.21	$20,159.09	$13,771,283.85
64	$89,116.30	6.00%	$68,856.42	$20,259.88	$13,751,023.96
65	$89,116.30	6.00%	$68,755.12	$20,361.18	$13,730,662.78
66	$89,116.30	6.00%	$68,653.31	$20,462.99	$13,710,199.80
67	$89,116.30	6.00%	$68,551.00	$20,565.30	$13,689,634.50
68	$89,116.30	6.00%	$68,448.17	$20,668.13	$13,668,966.37
69	$89,116.30	6.00%	$68,344.83	$20,771.47	$13,648,194.90
70	$89,116.30	6.00%	$68,240.97	$20,875.33	$13,627,319.58
71	$89,116.30	6.00%	$68,136.60	$20,979.70	$13,606,339.87
72	$89,116.30	6.00%	$68,031.70	$21,084.60	$13,585,255.27
73	$89,116.30	6.00%	$67,926.28	$21,190.02	$13,564,065.25
74	$89,116.30	6.00%	$67,820.33	$21,295.97	$13,542,769.28
75	$89,116.30	6.00%	$67,713.85	$21,402.45	$13,521,366.82
76	$89,116.30	6.00%	$67,606.83	$21,509.47	$13,499,857.36
77	$89,116.30	6.00%	$67,499.29	$21,617.01	$13,478,240.34
78	$89,116.30	6.00%	$67,391.20	$21,725.10	$13,456,515.25
79	$89,116.30	6.00%	$67,282.58	$21,833.72	$13,434,681.52
80	$89,116.30	6.00%	$67,173.41	$21,942.89	$13,412,738.63
81	$89,116.30	6.00%	$67,063.69	$22,052.61	$13,390,686.02
82	$89,116.30	6.00%	$66,953.43	$22,162.87	$13,368,523.15
83	$89,116.30	6.00%	$66,842.62	$22,273.68	$13,346,249.47
84	$89,116.30	6.00%	$66,731.25	$22,385.05	$13,323,864.42
85	$89,116.30	6.00%	$66,619.32	$22,496.98	$13,301,367.44
86	$89,116.30	6.00%	$66,506.84	$22,609.46	$13,278,757.97
87	$89,116.30	6.00%	$66,393.79	$22,722.51	$13,256,035.46
88	$89,116.30	6.00%	$66,280.18	$22,836.12	$13,233,199.34
89	$89,116.30	6.00%	$66,166.00	$22,950.30	$13,210,249.04
90	$89,116.30	6.00%	$66,051.25	$23,065.05	$13,187,183.98
91	$89,116.30	6.00%	$65,935.92	$23,180.38	$13,164,003.60
92	$89,116.30	6.00%	$65,820.02	$23,296.28	$13,140,707.32
93	$89,116.30	6.00%	$65,703.54	$23,412.76	$13,117,294.56
94	$89,116.30	6.00%	$65,586.47	$23,529.83	$13,093,764.73
95	$89,116.30	6.00%	$65,468.82	$23,647.48	$13,070,117.26
96	$89,116.30	6.00%	$65,350.59	$23,765.71	$13,046,351.54
97	$89,116.30	6.00%	$65,231.76	$23,884.54	$13,022,467.00
98	$89,116.30	6.00%	$65,112.33	$24,003.97	$12,998,463.03
99	$89,116.30	6.00%	$64,992.32	$24,123.98	$12,974,339.05
100	$89,116.30	6.00%	$64,871.70	$24,244.60	$12,950,094.44
101	$89,116.30	6.00%	$64,750.47	$24,365.83	$12,925,728.62
102	$89,116.30	6.00%	$64,628.64	$24,487.66	$12,901,240.96
103	$89,116.30	6.00%	$64,506.20	$24,610.10	$12,876,630.86
104	$89,116.30	6.00%	$64,383.15	$24,733.15	$12,851,897.72
105	$89,116.30	6.00%	$64,259.49	$24,856.81	$12,827,040.91
106	$89,116.30	6.00%	$64,135.20	$24,981.10	$12,802,059.81
107	$89,116.30	6.00%	$64,010.30	$25,106.00	$12,776,953.81
108	$89,116.30	6.00%	$63,884.77	$25,231.53	$12,751,722.28
109	$89,116.30	6.00%	$63,758.61	$25,357.69	$12,726,364.59
110	$89,116.30	6.00%	$63,631.82	$25,484.48	$12,700,880.11
111	$89,116.30	6.00%	$63,504.40	$25,611.90	$12,675,268.22
112	$89,116.30	6.00%	$63,376.34	$25,739.96	$12,649,528.26
113	$89,116.30	6.00%	$63,247.64	$25,868.66	$12,623,659.60
114	$89,116.30	6.00%	$63,118.30	$25,998.00	$12,597,661.60
115	$89,116.30	6.00%	$62,988.31	$26,127.99	$12,571,533.60
116	$89,116.30	6.00%	$62,857.67	$26,258.63	$12,545,274.97
117	$89,116.30	6.00%	$62,726.37	$26,389.93	$12,518,885.05
118	$89,116.30	6.00%	$62,594.43	$26,521.87	$12,492,363.17

Exhibit F-17

119	$89,116.30	6.00%	$62,461.82	$26,654.48	$12,465,708.69
120	$89,116.30	6.00%	$62,328.54	$26,787.76	$12,438,920.93
121	$89,116.30	6.00%	$62,194.60	$26,921.70	$12,411,999.24
122	$89,116.30	6.00%	$62,060.00	$27,056.30	$12,384,942.93
123	$89,116.30	6.00%	$61,924.71	$27,191.59	$12,357,751.35
124	$89,116.30	6.00%	$61,788.76	$27,327.54	$12,330,423.80
125	$89,116.30	6.00%	$61,652.12	$27,464.18	$12,302,959.62
126	$89,116.30	6.00%	$61,514.80	$27,601.50	$12,275,358.12
127	$89,116.30	6.00%	$61,376.79	$27,739.51	$12,247,618.61
128	$89,116.30	6.00%	$61,238.09	$27,878.21	$12,219,740.40
129	$89,116.30	6.00%	$61,098.70	$28,017.60	$12,191,722.81
130	$89,116.30	6.00%	$60,958.61	$28,157.69	$12,163,565.12
131	$89,116.30	6.00%	$60,817.83	$28,298.47	$12,135,266.65
132	$89,116.30	6.00%	$60,676.33	$28,439.97	$12,106,826.68
133	$89,116.30	6.00%	$60,534.13	$28,582.17	$12,078,244.51
134	$89,116.30	6.00%	$60,391.22	$28,725.08	$12,049,519.43
135	$89,116.30	6.00%	$60,247.60	$28,868.70	$12,020,650.73
136	$89,116.30	6.00%	$60,103.25	$29,013.05	$11,991,637.69
137	$89,116.30	6.00%	$59,958.19	$29,158.11	$11,962,479.57
138	$89,116.30	6.00%	$59,812.40	$29,303.90	$11,933,175.67
139	$89,116.30	6.00%	$59,665.88	$29,450.42	$11,903,725.25
140	$89,116.30	6.00%	$59,518.63	$29,597.67	$11,874,127.58
141	$89,116.30	6.00%	$59,370.64	$29,745.66	$11,844,381.91
142	$89,116.30	6.00%	$59,221.91	$29,894.39	$11,814,487.52
143	$89,116.30	6.00%	$59,072.44	$30,043.86	$11,784,443.66
144	$89,116.30	6.00%	$58,922.22	$30,194.08	$11,754,249.58
145	$89,116.30	6.00%	$58,771.25	$30,345.05	$11,723,904.53
146	$89,116.30	6.00%	$58,619.52	$30,496.78	$11,693,407.75
147	$89,116.30	6.00%	$58,467.04	$30,649.26	$11,662,758.49
148	$89,116.30	6.00%	$58,313.79	$30,802.51	$11,631,955.98
149	$89,116.30	6.00%	$58,159.78	$30,956.52	$11,600,999.46
150	$89,116.30	6.00%	$58,005.00	$31,111.30	$11,569,888.16
151	$89,116.30	6.00%	$57,849.44	$31,266.86	$11,538,621.30
152	$89,116.30	6.00%	$57,693.11	$31,423.19	$11,507,198.11
153	$89,116.30	6.00%	$57,535.99	$31,580.31	$11,475,617.80
154	$89,116.30	6.00%	$57,378.09	$31,738.21	$11,443,879.59
155	$89,116.30	6.00%	$57,219.40	$31,896.90	$11,411,982.68
156	$89,116.30	6.00%	$57,059.91	$32,056.39	$11,379,926.30
157	$89,116.30	6.00%	$56,899.63	$32,216.67	$11,347,709.63
158	$89,116.30	6.00%	$56,738.55	$32,377.75	$11,315,331.88
159	$89,116.30	6.00%	$56,576.66	$32,539.64	$11,282,792.24
160	$89,116.30	6.00%	$56,413.96	$32,702.34	$11,250,089.90
161	$89,116.30	6.00%	$56,250.45	$32,865.85	$11,217,224.05
162	$89,116.30	6.00%	$56,086.12	$33,030.18	$11,184,193.87
163	$89,116.30	6.00%	$55,920.97	$33,195.33	$11,150,998.54
164	$89,116.30	6.00%	$55,754.99	$33,361.31	$11,117,637.23
165	$89,116.30	6.00%	$55,588.19	$33,528.11	$11,084,109.11
166	$89,116.30	6.00%	$55,420.55	$33,695.75	$11,050,413.36
167	$89,116.30	6.00%	$55,252.07	$33,864.23	$11,016,549.13
168	$89,116.30	6.00%	$55,082.75	$34,033.55	$10,982,515.57
169	$89,116.30	6.00%	$54,912.58	$34,203.72	$10,948,311.85
170	$89,116.30	6.00%	$54,741.56	$34,374.74	$10,913,937.11
171	$89,116.30	6.00%	$54,569.69	$34,546.61	$10,879,390.50
172	$89,116.30	6.00%	$54,396.95	$34,719.35	$10,844,671.15
173	$89,116.30	6.00%	$54,223.36	$34,892.94	$10,809,778.20
174	$89,116.30	6.00%	$54,048.89	$35,067.41	$10,774,710.79
175	$89,116.30	6.00%	$53,873.55	$35,242.75	$10,739,468.05
176	$89,116.30	6.00%	$53,697.34	$35,418.96	$10,704,049.09
177	$89,116.30	6.00%	$53,520.25	$35,596.05	$10,668,453.03
178	$89,116.30	6.00%	$53,342.27	$35,774.03	$10,632,679.00
179	$89,116.30	6.00%	$53,163.39	$35,952.91	$10,596,726.09
180	$89,116.30	6.00%	$52,983.63	$36,132.67	$10,560,593.43
181	$89,116.30	6.00%	$52,802.97	$36,313.33	$10,524,280.09
182	$89,116.30	6.00%	$52,621.40	$36,494.90	$10,487,785.19
183	$89,116.30	6.00%	$52,438.93	$36,677.37	$10,451,107.82

Exhibit F-18

184	$89,116.30	6.00%	$52,255.54	$36,860.76	$10,414,247.06
185	$89,116.30	6.00%	$52,071.24	$37,045.06	$10,377,201.99
186	$89,116.30	6.00%	$51,886.01	$37,230.29	$10,339,971.70
187	$89,116.30	6.00%	$51,699.86	$37,416.44	$10,302,555.26
188	$89,116.30	6.00%	$51,512.78	$37,603.52	$10,264,951.74
189	$89,116.30	6.00%	$51,324.76	$37,791.54	$10,227,160.20
190	$89,116.30	6.00%	$51,135.80	$37,980.50	$10,189,179.70
191	$89,116.30	6.00%	$50,945.90	$38,170.40	$10,151,009.30
192	$89,116.30	6.00%	$50,755.05	$38,361.25	$10,112,648.04
193	$89,116.30	6.00%	$50,563.24	$38,553.06	$10,074,094.98
194	$89,116.30	6.00%	$50,370.47	$38,745.83	$10,035,349.16
195	$89,116.30	6.00%	$50,176.75	$38,939.55	$9,996,409.60
196	$89,116.30	6.00%	$49,982.05	$39,134.25	$9,957,275.35
197	$89,116.30	6.00%	$49,786.38	$39,329.92	$9,917,945.43
198	$89,116.30	6.00%	$49,589.73	$39,526.57	$9,878,418.86
199	$89,116.30	6.00%	$49,392.09	$39,724.21	$9,838,694.65
200	$89,116.30	6.00%	$49,193.47	$39,922.83	$9,798,771.82
201	$89,116.30	6.00%	$48,993.86	$40,122.44	$9,758,649.38
202	$89,116.30	6.00%	$48,793.25	$40,323.05	$9,718,326.33
203	$89,116.30	6.00%	$48,591.63	$40,524.67	$9,677,801.66
204	$89,116.30	6.00%	$48,389.01	$40,727.29	$9,637,074.37
205	$89,116.30	6.00%	$48,185.37	$40,930.93	$9,596,143.44
206	$89,116.30	6.00%	$47,980.72	$41,135.58	$9,555,007.86
207	$89,116.30	6.00%	$47,775.04	$41,341.26	$9,513,666.60
208	$89,116.30	6.00%	$47,568.33	$41,547.97	$9,472,118.63
209	$89,116.30	6.00%	$47,360.59	$41,755.71	$9,430,362.92
210	$89,116.30	6.00%	$47,151.81	$41,964.49	$9,388,398.44
211	$89,116.30	6.00%	$46,941.99	$42,174.31	$9,346,224.13
212	$89,116.30	6.00%	$46,731.12	$42,385.18	$9,303,838.95
213	$89,116.30	6.00%	$46,519.19	$42,597.11	$9,261,241.85
214	$89,116.30	6.00%	$46,306.21	$42,810.09	$9,218,431.75
215	$89,116.30	6.00%	$46,092.16	$43,024.14	$9,175,407.61
216	$89,116.30	6.00%	$45,877.04	$43,239.26	$9,132,168.35
217	$89,116.30	6.00%	$45,660.84	$43,455.46	$9,088,712.89
218	$89,116.30	6.00%	$45,443.56	$43,672.74	$9,045,040.16
219	$89,116.30	6.00%	$45,225.20	$43,891.10	$9,001,149.06
220	$89,116.30	6.00%	$45,005.75	$44,110.55	$8,957,038.50
221	$89,116.30	6.00%	$44,785.19	$44,331.11	$8,912,707.40
222	$89,116.30	6.00%	$44,563.54	$44,552.76	$8,868,154.63
223	$89,116.30	6.00%	$44,340.77	$44,775.53	$8,823,379.11
224	$89,116.30	6.00%	$44,116.90	$44,999.40	$8,778,379.70
225	$89,116.30	6.00%	$43,891.90	$45,224.40	$8,733,155.30
226	$89,116.30	6.00%	$43,665.78	$45,450.52	$8,687,704.78
227	$89,116.30	6.00%	$43,438.52	$45,677.78	$8,642,027.00
228	$89,116.30	6.00%	$43,210.14	$45,906.16	$8,596,120.84
229	$89,116.30	6.00%	$42,980.60	$46,135.70	$8,549,985.14
230	$89,116.30	6.00%	$42,749.93	$46,366.37	$8,503,618.77
231	$89,116.30	6.00%	$42,518.09	$46,598.21	$8,457,020.56
232	$89,116.30	6.00%	$42,285.10	$46,831.20	$8,410,189.36
233	$89,116.30	6.00%	$42,050.95	$47,065.35	$8,363,124.01
234	$89,116.30	6.00%	$41,815.62	$47,300.68	$8,315,823.33
235	$89,116.30	6.00%	$41,579.12	$47,537.18	$8,268,286.15
236	$89,116.30	6.00%	$41,341.43	$47,774.87	$8,220,511.28
237	$89,116.30	6.00%	$41,102.56	$48,013.74	$8,172,497.53
238	$89,116.30	6.00%	$40,862.49	$48,253.81	$8,124,243.72
239	$89,116.30	6.00%	$40,621.22	$48,495.08	$8,075,748.64
240	$89,116.30	6.00%	$40,378.74	$48,737.56	$8,027,011.08
241	$89,116.30	6.00%	$40,135.06	$48,981.24	$7,978,029.84
242	$89,116.30	6.00%	$39,890.15	$49,226.15	$7,928,803.69
243	$89,116.30	6.00%	$39,644.02	$49,472.28	$7,879,331.41
244	$89,116.30	6.00%	$39,396.66	$49,719.64	$7,829,611.76
245	$89,116.30	6.00%	$39,148.06	$49,968.24	$7,779,643.52
246	$89,116.30	6.00%	$38,898.22	$50,218.08	$7,729,425.44
247	$89,116.30	6.00%	$38,647.13	$50,469.17	$7,678,956.27
248	$89,116.30	6.00%	$38,394.78	$50,721.52	$7,628,234.75

249	$89,116.30	6.00%	$38,141.17	$50,975.13	$7,577,259.62
250	$89,116.30	6.00%	$37,886.30	$51,230.00	$7,526,029.62
251	$89,116.30	6.00%	$37,630.15	$51,486.15	$7,474,543.47
252	$89,116.30	6.00%	$37,372.72	$51,743.58	$7,422,799.88
253	$89,116.30	6.00%	$37,114.00	$52,002.30	$7,370,797.58
254	$89,116.30	6.00%	$36,853.99	$52,262.31	$7,318,535.27
255	$89,116.30	6.00%	$36,592.68	$52,523.62	$7,266,011.65
256	$89,116.30	6.00%	$36,330.06	$52,786.24	$7,213,225.41
257	$89,116.30	6.00%	$36,066.13	$53,050.17	$7,160,175.23
258	$89,116.30	6.00%	$35,800.88	$53,315.42	$7,106,859.81
259	$89,116.30	6.00%	$35,534.30	$53,582.00	$7,053,277.81
260	$89,116.30	6.00%	$35,266.39	$53,849.91	$6,999,427.90
261	$89,116.30	6.00%	$34,997.14	$54,119.16	$6,945,308.74
262	$89,116.30	6.00%	$34,726.54	$54,389.76	$6,890,918.98
263	$89,116.30	6.00%	$34,454.59	$54,661.71	$6,836,257.28
264	$89,116.30	6.00%	$34,181.29	$54,935.01	$6,781,322.26
265	$89,116.30	6.00%	$33,906.61	$55,209.69	$6,726,112.57
266	$89,116.30	6.00%	$33,630.56	$55,485.74	$6,670,626.84
267	$89,116.30	6.00%	$33,353.13	$55,763.17	$6,614,863.67
268	$89,116.30	6.00%	$33,074.32	$56,041.98	$6,558,821.69
269	$89,116.30	6.00%	$32,794.11	$56,322.19	$6,502,499.50
270	$89,116.30	6.00%	$32,512.50	$56,603.80	$6,445,895.70
271	$89,116.30	6.00%	$32,229.48	$56,886.82	$6,389,008.87
272	$89,116.30	6.00%	$31,945.04	$57,171.26	$6,331,837.62
273	$89,116.30	6.00%	$31,659.19	$57,457.11	$6,274,380.51
274	$89,116.30	6.00%	$31,371.90	$57,744.40	$6,216,636.11
275	$89,116.30	6.00%	$31,083.18	$58,033.12	$6,158,602.99
276	$89,116.30	6.00%	$30,793.01	$58,323.29	$6,100,279.70
277	$89,116.30	6.00%	$30,501.40	$58,614.90	$6,041,664.80
278	$89,116.30	6.00%	$30,208.32	$58,907.98	$5,982,756.83
279	$89,116.30	6.00%	$29,913.78	$59,202.52	$5,923,554.31
280	$89,116.30	6.00%	$29,617.77	$59,498.53	$5,864,055.78
281	$89,116.30	6.00%	$29,320.28	$59,796.02	$5,804,259.76
282	$89,116.30	6.00%	$29,021.30	$60,095.00	$5,744,164.76
283	$89,116.30	6.00%	$28,720.82	$60,395.48	$5,683,769.28
284	$89,116.30	6.00%	$28,418.85	$60,697.45	$5,623,071.83
285	$89,116.30	6.00%	$28,115.36	$61,000.94	$5,562,070.89
286	$89,116.30	6.00%	$27,810.35	$61,305.95	$5,500,764.94
287	$89,116.30	6.00%	$27,503.82	$61,612.48	$5,439,152.47
288	$89,116.30	6.00%	$27,195.76	$61,920.54	$5,377,231.93
289	$89,116.30	6.00%	$26,886.16	$62,230.14	$5,315,001.79
290	$89,116.30	6.00%	$26,575.01	$62,541.29	$5,252,460.50
291	$89,116.30	6.00%	$26,262.30	$62,854.00	$5,189,606.50
292	$89,116.30	6.00%	$25,948.03	$63,168.27	$5,126,438.23
293	$89,116.30	6.00%	$25,632.19	$63,484.11	$5,062,954.13
294	$89,116.30	6.00%	$25,314.77	$63,801.53	$4,999,152.60
295	$89,116.30	6.00%	$24,995.76	$64,120.54	$4,935,032.06
296	$89,116.30	6.00%	$24,675.16	$64,441.14	$4,870,590.92
297	$89,116.30	6.00%	$24,352.95	$64,763.35	$4,805,827.57
298	$89,116.30	6.00%	$24,029.14	$65,087.16	$4,740,740.41
299	$89,116.30	6.00%	$23,703.70	$65,412.60	$4,675,327.81
300	$89,116.30	6.00%	$23,376.64	$65,739.66	$4,609,588.15

EXHIBIT G
REDEVELOPMENT PLANS AND SPECS

[please see attached, all designs subject to architectural updates]

PACIFIC SOUTH PROJECT

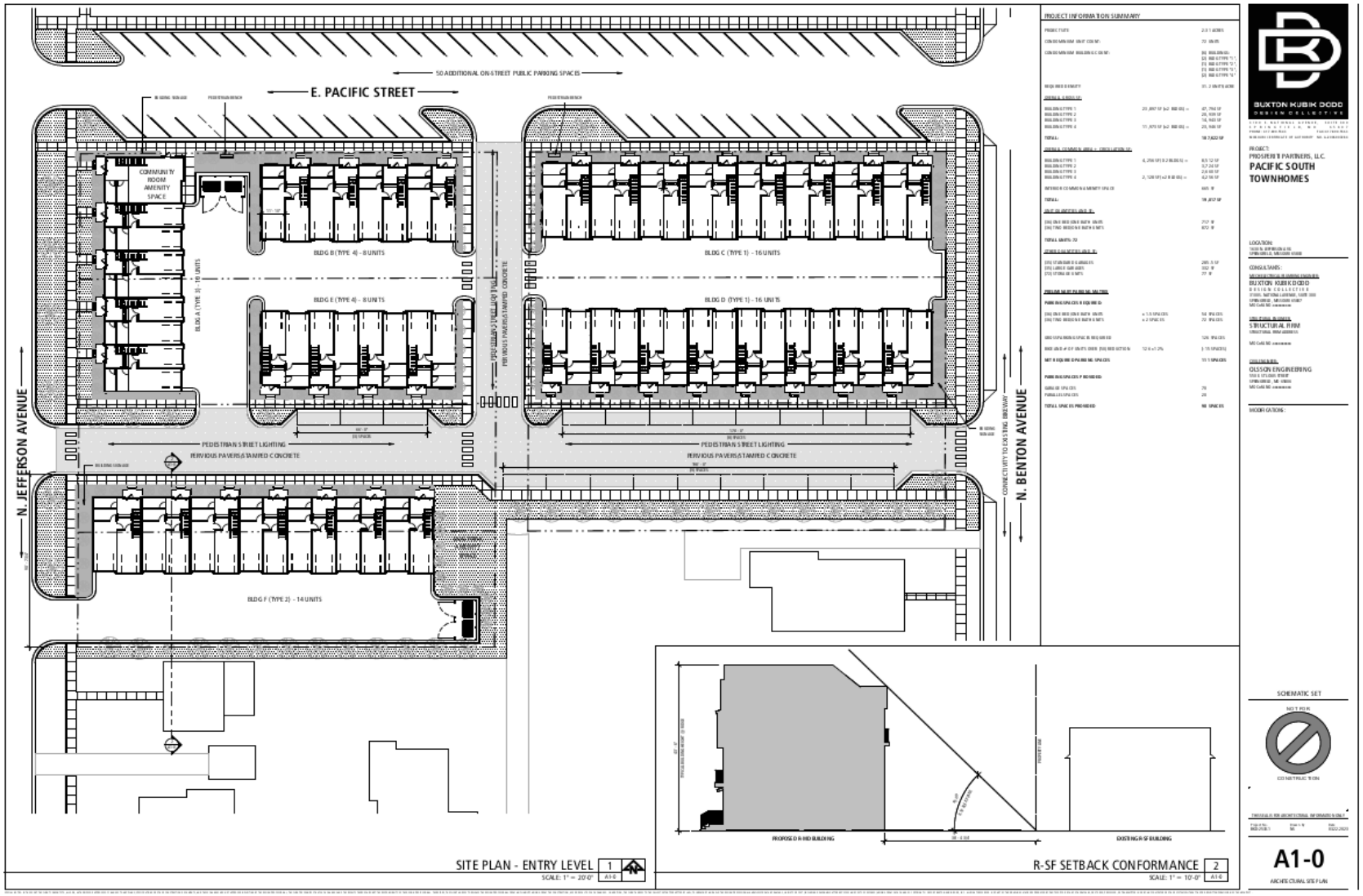

Exhibit G-2

SPR 18148992.13

Exhibit G-3

BUXTON KUBIK DODD
DESIGN COLLECTIVE
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Exhibit G-4

Exhibit G-5

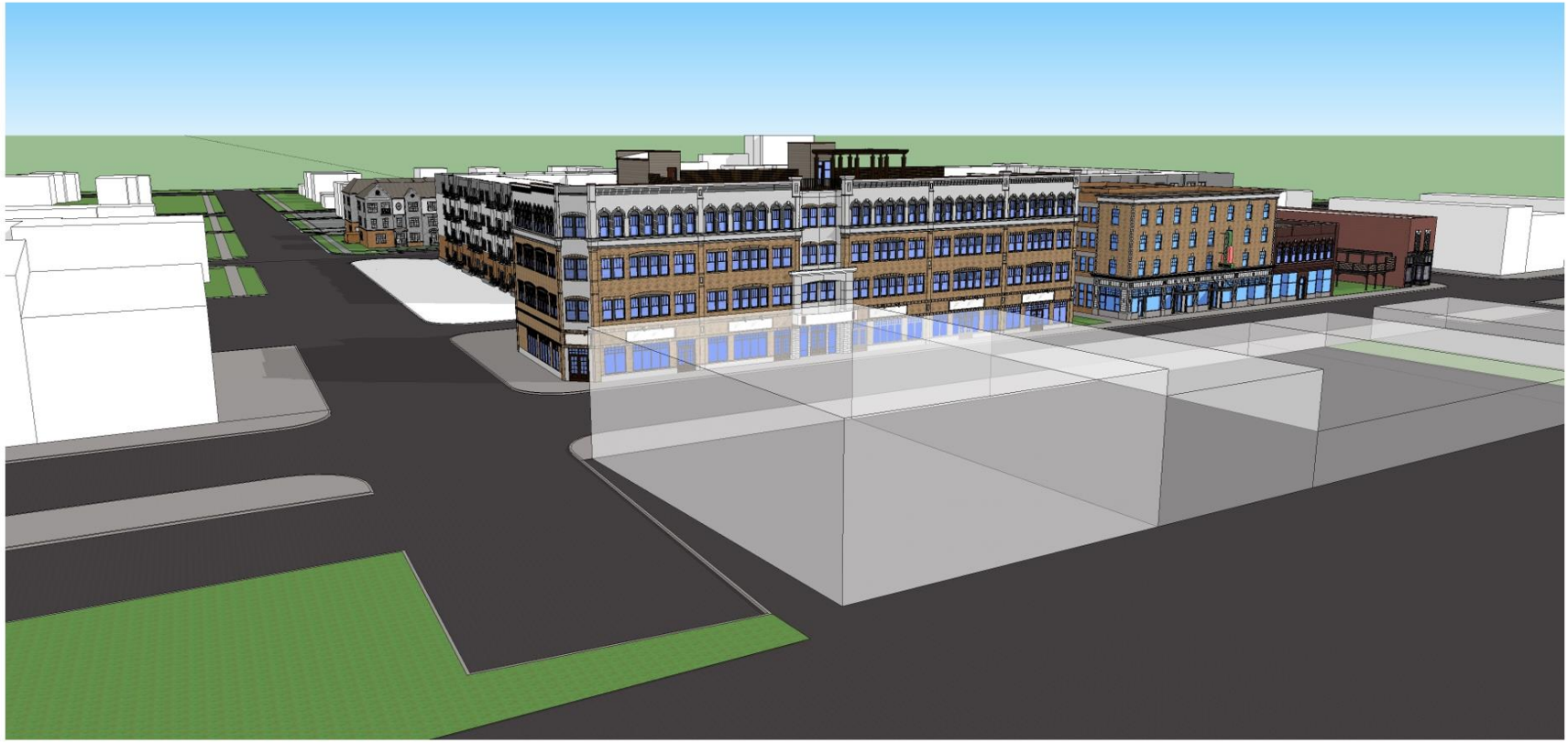


Exhibit G-6

EXHIBIT H

ESTIMATED CONSTRUCTION COSTS /PROJECT BUDGET

[please see attached]

PACIFIC SOUTH PROJECT

Uses		
Land		$ 1,511,640
Total Site Acquisition		**$ 1,511,640**
Appraisal		$ 3,500
Architect	6.00%	$ 820,008
Builders Risk Insurance		$ 25,000
Building Permits		$ 15,000
Civil Engineer		$ -
Entitlement Fees		$ -
Environmental		$ -
Geo Tech		$ -
General Liability Insurance		$ 8,000
Impact Fees		$ -
Borrower Legal--Closing		$ -
Borrower Legal--Pre-closing		$ -
Lender Inspections (Post Closing)		$ -
Lender Legal and Other Closing		$ 500
Other Professional		$ -
Other (G&A)		$ -
Other (Loan Cost)		$ -
Other (Advertising)		$ 5,000
Real Estate Taxes		$ 25,000
Survey		$ 15,000
Title-Doucment Stamps		$ -
Soft Costs (subtotal)		$ 917,008
Soft Cost Contingency @	5.00%	$ 45,850
Total Soft Costs		**$ 962,858**
Construction Cost (Core & She	$111.56	$ 12,134,679
Construction Contingency @	3.00%	$ 364,040
Demolition		$ 100,000
Environmental Remediation		$ -
FF&E		$ 50,000
GC Fee	3.00%	$ 364,040
General Conditions	3.00%	$ 364,040
Project Management	0.00%	$ -
Security		$ 15,000
Signage		$ 25,000
Sitework		$ 250,000
Total Hard Costs		**$ 13,666,800**
Total Site, Hard and Soft Costs		**$ 16,141,299**
Interest Reserves		$ 892,000
Operating Reserves		$ 100,000
Origination Fee @	0.50%	$ 74,319
Development Fee @	10.00%	$ 1,720,762
Total Uses		**$ 18,928,380**

Exhibit H-2

EXHIBIT I

PD 386

EXHIBIT 1
Requirements and Standards Applicable
To Planned Development District No. 386

A. APPLICATION

Building or other permits may not be issued for development permitted by this Planned Development nor can any changes be made to this property until the Final Development Plan has been approved in the manner described at the end of this exhibit.

All requirements of the Springfield *Zoning Ordinance* shall apply unless modified by the requirements and standards that follow.

B. INTENT

The intent of this Planned Development is to permit the construction of multifamily dwellings in a row house style on a single lot, utilizing architectural features and exterior materials which emulate and enhance the historic nature of the Mid-Town neighborhood. The total development includes six row house-style structures (labeled Buildings A through F, Exhibit 2, Site Plan) containing 72 multifamily dwelling units.

C. DEFINITIONS

The definitions contained in the *Zoning Ordinance* shall apply to this ordinance.

D. USES PERMITTED

The following uses are permitted:

1. Accessory uses, as permitted by Section 36-450, Accessory structures and uses, of the *Zoning Ordinance*.
2. Multifamily dwellings.
3. Residential condominiums.
4. Short-term rentals, as permitted by Section 36-473, Short-term rentals, of the *Zoning Ordinance*.
5. Temporary uses, as permitted by Section 36-452, Temporary uses, of the *Zoning Ordinance*.
6. Home occupations, as permitted by Section 36-451, Home occupations, of the *Zoning Ordinance*.

E. USE LIMITATIONS

1. All uses shall operate in accordance with the noise standards contained in Section 36-485 of the *Springfield Zoning Ordinance*.
2. No use shall emit an odor that creates a nuisance as determined by the *Springfield City Code*.

F. INTENSITY OF DEVELOPMENT

Development within this district shall adhere to the following standards:

1. The maximum residential density shall not exceed 32 dwelling units per acre.

G. BULK, AREA, AND HEIGHT REQUIREMENTS

Development within this district shall adhere to following bulk, area, and height requirements:

1. *Maximum structure height:* 42 feet above finished grade; however, in no event shall any structure exceed a 45-degree bulk plane as measured from the district boundary of any property zoned R-SF, Single-family residential district or R-TH, Residential townhouse district.
2. *Minimum yard requirements:* None, except for the bufferyard requirement along the south property line where adjacent to property zoned R-SF as described in **I. OPEN SPACE, LANDSCAPING, AND SCREENING** below.

H. DESIGN REQUIREMENTS

Development within this district shall adhere to the following design requirements:

1. *Exterior building materials:* All construction must utilize a combination of brick cladding veneer and Hardie Board siding (or similar cement fiber siding). Hardie Board siding (or such similar material) shall be oriented horizontally and provided in solid colors with a traditional wood appearance (see Exhibit 2, renderings provided by Buxton Kubik Dodd Design Collective).
2. *Architectural articulations:* All front façades shall incorporate architectural articulations which result in a difference in the vertical plane of such wall of at least 18 inches; in addition, all front façades shall be further enhanced through the incorporation of stoops, awnings, windows, bay window projections, and balconies (see Exhibit 2, renderings provided by Buxton Kubik Dodd Design Collective).
3. *Pedestrian circulation:* In general alignment with Exhibit 2, Site Plan, four-foot-wide pedestrian walkways shall be provided throughout the entirety of the development, connecting to one another and public sidewalks located in adjacent

public right-of-way. The front entry of all dwellings shall be connected to the pedestrian circulation system or public sidewalks, as applicable.

4. *Development amenities:*
    a. *Pedestrian benches.* Per Exhibit 2, Landscape Plan, a minimum of six (6) pedestrian benches shall be installed throughout the total development area.
    b. *Community room.* Per Exhibit 2, Site Plan, Building A – located at the northwest corner of the development area – shall provide a shared community room on its first floor for shared use by the development's residents.
    c. *Tot lot.* Per Exhibit 2, Site Plan, a fenced tot lot shall be provided internal to the development for use by the development's residents. The tot lot must be a minimum of 900 square feet in area and must contain at least one picnic table and one communal barbeque grill/pit.
5. *Security fencing, gating.* To be provided per Exhibit 2, Site Plan. All fencing and gates shall be of an aluminum material. All fencing and gates shall be limited to a maximum height of seven (7) feet above finished grade.

I. OPEN SPACE, LANDSCAPING AND SCREENING

The landscaping and screening provisions are intended to improve the physical appearance of the district; to improve the environmental performance by contributing to the abatement of heat, glare, and noise, and by promoting natural percolation of stormwater and improvement of air quality; to buffer potentially incompatible land uses from one another; and to conserve the value of adjoining property and neighborhoods.

1. *Open space requirements:*
    a. *Minimum open space.* Not less than 15 percent of the total lot area shall be devoted to open space, including the required bufferyard. Open space shall not include areas covered by buildings, structures, parking, loading and other paved areas and internal streets. Open space shall contain living ground cover and other landscaping materials.
    b. *Maximum impervious surface.* The combined area occupied by all main and accessory buildings or structures, parking, loading and other paved areas and any other surfaces which reduce and prevent absorption of stormwater shall not exceed 85 percent of the total lot area.
2. *Bufferyards:* A bufferyard D, as described in Section 36-482 of the *Springfield Zoning Ordinance*, must be installed along the south property line where adjacent to property zoned R-SF and the existing alley.
    a. *Minimum width.* The bufferyard D shall have a minimum width of ten feet, as identified in Exhibit 2, Landscape Plan.
    b. *Minimum plantings.* The minimum plantings within the bufferyard D shall include 12 canopy trees, 12 understory trees, 12 evergreen trees, and 84

shrubs to be evenly distributed throughout the entirety of the bufferyard area as depicted in Exhibit 2, Landscape Plan.

c. *Screening.* The bufferyard D shall include a six-foot wood privacy fence, or other form of accepted screening as described in Section 36-480 of the *Springfield Zoning Ordinance*, throughout the entirety of the bufferyard's area.

3. *Interior landscaping:*
   a. *Minimum area.* A minimum of 1,870 square feet of open space shall be provided interior to the development's vehicular use areas and pedestrian circulation system.
   b. *Minimum plantings.* The minimum plantings within the interior landscape area shall include eight (8) understory trees and two (2) canopy trees, as depicted in Exhibit 2.
4. *Foundation landscaping:* To further soften the architectural impact of the development on adjacent public right-of-way and to improve the streetscape, the following plantings shall be provided at least 18 inches from the foundation of those buildings whose front entries address public right-of-way.
   a. *Minimum plantings.* Each foundation landscape area, located at the front entry of each townhouse, shall contain at least one (1) evergreen shrub, two (2) deciduous shrubs, and four (4) perennial flowers.
5. *Tree replacement.* The following additional plantings shall be required to offset the removal of certain existing trees interior to the site and within adjacent public right-of-way.
   a. *Interior replacement trees.* Per Exhibit 2, Landscape Plan, three (3) trees shall be planted interior to the development to replace those trees anticipated to be removed as part of this project's construction; these replacement trees shall be canopy trees of a minimum caliper width of one and one-half (1.5) inches at the time of planting.
   b. *Public right-of-way replacement trees.* Per Exhibit 2, Landscape Plan, four (4) trees shall be planted within the adjacent public right-of-way to replace those trees anticipated to be removed as part of this project's construction; these replacements shall be canopy trees of a minimum caliper width of one and one-half (1.5) inches at the time of planting.
6. No perimeter landscaping, as defined in Section 36-482 of the *Springfield Zoning Ordinance*, shall be required as part of this development.

J. EXTERIOR LIGHTING

The requirements and standards of Section 36-484 of the *Springfield Zoning Ordinance*, in effect at the time of development, shall apply but for the following:

1. *Light sources or luminaries with cutoffs.* Light sources or luminaries which have a cutoff shall not exceed a maximum height of 30 feet.

K. ACCESS TO PUBLIC THOROUGHFARES

Access to the public street system shown in Exhibit 2 shall be governed by the existing standards of the City of Springfield for the applicable street classification.

L. OFF-STREET PARKING

Vehicular and bicycle off-street parking facilities shall be provided in conformance with Exhibit 2, Site Plan and Site Calculations.

1. *Enclosed parking*. A minimum of 70 vehicular parking spaces shall be provided via the first-floor garage space associated with each dwelling unit.
2. *Outdoor parking*. A minimum of 15 vehicular parking spaces shall be provided as parallel parking along the east-west internal drive.
3. *Bicycle parking*. A minimum of 12 bicycle racks, meeting the design standards of Section 36-483 of the *Springfield Zoning Ordinance*, shall be distributed throughout the development as depicted in Exhibit 2, Site Plan.

M. SIGNS

The requirements and standards of Section 36-454 of the *Springfield Zoning Ordinance*, in effect at the time of development, shall apply.

N. REQUIRED IMPROVEMENTS

A traffic study was submitted to and accepted by the City of Springfield prior to the review of the proposed Planned Development concluding that no public improvements shall be required as part of this development.

O. MAINTENANCE OF COMMON AREAS AND FACILITIES

The maintenance of common areas and facilities within the District shall remain the responsibility of the developer(s) or shall be assumed by duly constituted property owners association meeting all legal requirements prescribed by the City Attorney.

P. PHASING

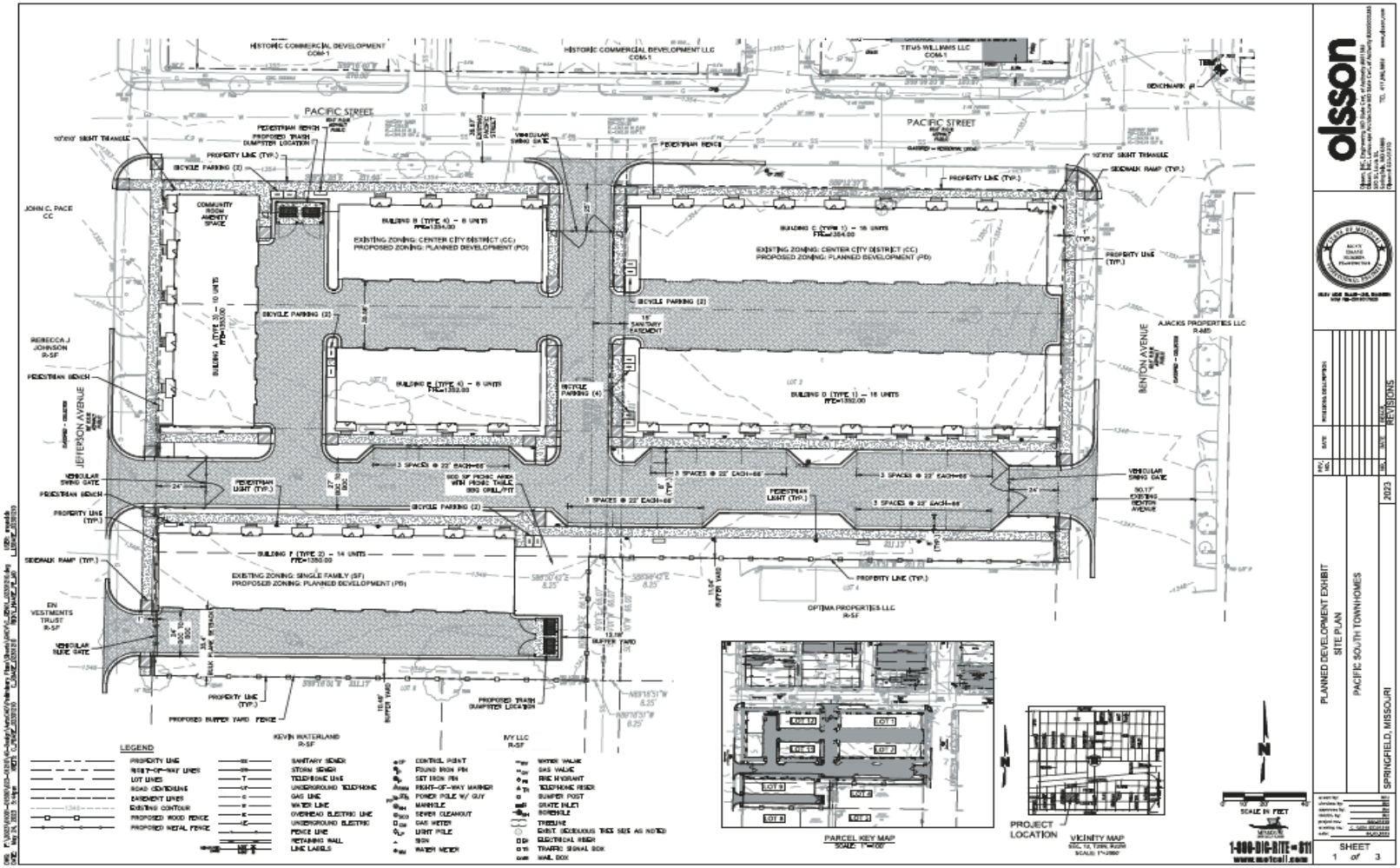
Development within this District will not be phased.

Q. FINAL DEVELOPMENT PLAN

A Final Development Plan, showing conformance with the requirements of this Exhibit, shall be submitted to the Planning and Development Department and approved in the manner described below prior to the issuance of any building permits or prior to the commencement of any of the permitted uses or improvements permitted or required by this exhibit. Development in this district shall be in accordance with the approved Final Development Plan.

1. A Final Development Plan shall only be approved if it is in substantial conformance with Exhibits 1 and 2 as defined by subsection 36-405 (9) (c) of the *Zoning Ordinance*.
2. The Final Development Plan shall be submitted to the Administrative Review Committee for review and approval, either as a whole or in phases. The Administrative Review Committee is hereby authorized, at its discretion, to approve minor adjustments and modifications to the site plan. Such authority shall not, however, be construed to permit:
    a. Any uses within the district other than those specifically prescribed by the ordinance.
    b. Any increase in the intensity of use permitted within the district.

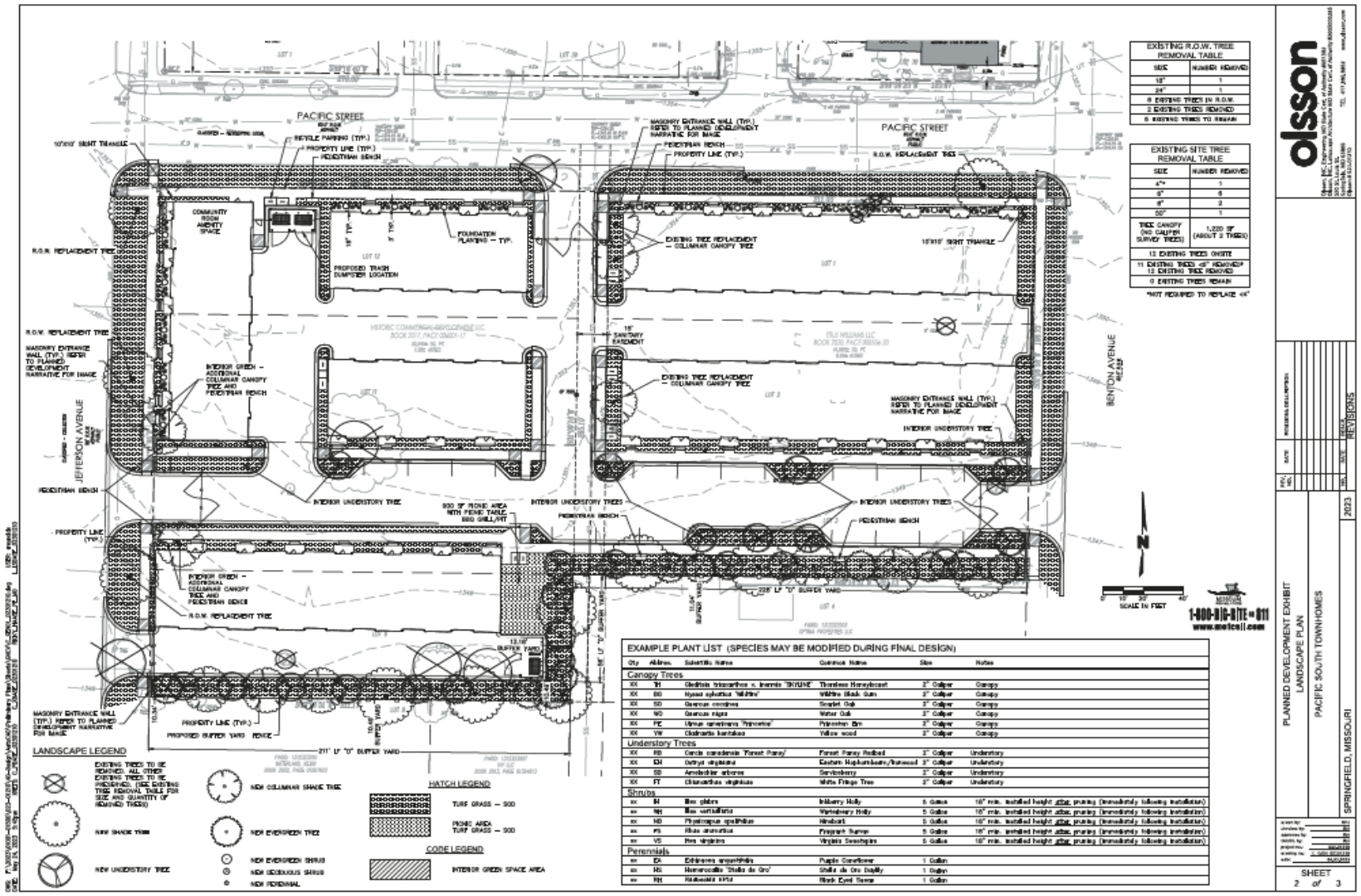
EHIBIT 2



1

Exhibit I-8

SPR 18148992.13



EXISTING R.O.W. TREE REMOVAL TABLE	
SIZE	NUMBER REMOVED
18"	1
24"	1
8 EXISTING TREES IN R.O.W.	
2 EXISTING TREES REMOVED	
6 EXISTING TREES TO REMAIN	

EXISTING SITE TREE REMOVAL TABLE	
SIZE	NUMBER REMOVED
4"*	1
6"	6
8"	2
50"	1
TREE CANOPY (NO CALIPER SURVEY TREES)	1,220 SF (ABOUT 2 TREES)
13 EXISTING TREES ONSITE	
11 EXISTING TREES <8" REMOVED*	
13 EXISTING TREE REMOVED	
0 EXISTING TREES REMAIN	

*NOT REQUIRED TO REPLACE <4"

EXAMPLE PLANT LIST (SPECIES MAY BE MODIFIED DURING FINAL DESIGN)

Qty	Abbrev.	Scientific Name	Common Name	Size	Notes
Canopy Trees					
XX	TH	Gleditsia triacanthos v. inermis 'SKYLINE'	Thornless Honeylocust	2" Caliper	Canopy
XX	BG	Nyssa sylvatica 'Wildfire'	Wildfire Black Gum	2" Caliper	Canopy
XX	SO	Quercus coccinea	Scarlet Oak	2" Caliper	Canopy
XX	WO	Quercus nigra	Water Oak	2" Caliper	Canopy
XX	PE	Ulmus americana 'Princeton'	Princeton Elm	2" Caliper	Canopy
XX	YW	Cladrastis kentukea	Yellow wood	2" Caliper	Canopy
Understory Trees					
XX	RB	Cercis canadensis 'Forest Pansy'	Forest Pansy Redbud	2" Caliper	Understory
XX	EH	Ostrya virginiana	Eastern Hophornbeam/Ironwood	2" Caliper	Understory
XX	SB	Amelanchier arborea	Serviceberry	2" Caliper	Understory
XX	FT	Chionanthus virginicus	White Fringe Tree	2" Caliper	Understory
Shrubs					
xx	IM	Ilex glabra	Inkberry Holly	5 Gallon	18" min. installed height after pruning (immediately following installation)
xx	WH	Ilex verticillata	Winterberry Holly	5 Gallon	18" min. installed height after pruning (immediately following installation)
xx	NB	Physocarpus opulifolius	Ninebark	5 Gallon	18" min. installed height after pruning (immediately following installation)
xx	FS	Rhus aromatica	Fragrant Sumac	5 Gallon	18" min. installed height after pruning (immediately following installation)
xx	VS	Itea virginica	Virginia Sweetspire	5 Gallon	18" min. installed height after pruning (immediately following installation)
Perennials					
xx	EA	Echinacea angustifolia	Purple Coneflower	1 Gallon	
xx	HS	Hemerocallis 'Stella de Oro Daylily	Stella de Oro Daylily	1 Gallon	
xx	RH	Rudbeckia hirta	Black Eyed Susan	1 Gallon	

2

Exhibit I-9

SPR 18148992.13

ENGINEER:
OLSSON
RICKY HAASE
550 ST. LOUIS STREET
SPRINGFIELD, MO 65806
TELE: (417) 890-8802
FAX: (417) 890-8805

SURVEYOR:
ANDERSON ENGINEERING
2045 W. WOODLAND
SPRINGFIELD, MO 65807
TELE: (417) 866-2741

OWNER/DEVELOPER:
PROSPERITI PARTNERS
ATTN: TITUS WILLIAMS
1660 N. CAMPBELL AVE
SPRINGFIELD, MO. 65803
TELE: (417) 413-4887

SITE AREA:
TOTAL SITE AREA = 2.32± AC. OR 101,206± S.F.

BENCHMARKS:
BENCHMARK #1:
SQUARE CUT IN THE SIDEWALK
ELEVATION=1303.46
VERTICAL DATUM — NAVD 1988

PRESENT ZONING:
CURRENT PROPERTY:
CENTER CITY DISTRICT & SINGLE-FAMILY RESIDENTIAL DISTRICT

NORTH: COMMERCIAL STREET ZONE 1 (COM-1)
EAST: RESIDENTIAL MEDIUM DENSITY (R-MD)
SOUTH: RESIDENTIAL SINGLE FAMILY (R-SF)
WEST: CITY CENTER (CC) & RESIDENTIAL SINGLE FAMILY (R-SF)

UTILITY COMPANIES:
WATER/ELECTRIC/GAS:
CITY UTILITIES OF SPRINGFIELD
3865 S. BLACKMAN ROAD
SPRINGFIELD, MO 65809
CONTACT: DEVELOPER SERVICES
PH: (417) 831-8688
EMAIL: Developer_Services@cityutilities.net

SANITARY:
CITY OF SPRINGFIELD —
ENVIRONMENTAL SERVICES
840 BOONVILLE AVENUE
SPRINGFIELD, MO 65802
CONTACT: MATT TAYLOR
PH: (417) 864-1924
EMAIL: mtaylor@springfieldmo.gov

STORM SEWER:
CITY OF SPRINGFIELD —
STORMWATER SERVICES DEPT.
840 BOONVILLE AVENUE
SPRINGFIELD, MO 65802
CONTACT: JOSEPH CODICHINI
PH: (417) 864-1876
EMAIL: joseph.codichini@springfieldmo.gov

TELEPHONE:
AT&T
600 ST. LOUIS STREET
SPRINGFIELD, MO 65806
CONTACT: ADAM MOON
PH: (417) 836-2146
EMAIL: am8431@att.com

SPRINGNET:
301 E. CENTRAL STREET
SPRINGFIELD, MO 65802
CONTACT: BETHANY FORRESTER, P.E.
PH: (417) 831-8529
EMAIL: bforrester@springnet.net

PROPOSED ZONING:
PLANNED DEVELOPMENT

NEW RESIDENTIAL BUILDINGS:

OVERALL GROSS SF:

BUILDING TYPE 1 23,897 SF (X2 BLDGS)	47,794 SF
BUILDING TYPE 2	20,839 SF
BUILDING TYPE 3	14,843 SF
BUILDING TYPE 4 11,673 SF (X2 BLDGS)	23,346 SF
TOTAL	107,822 SF

OVERALL INTERIOR COMMON AREA + CIRCULATION SF:

BUILDING TYPE 1 4,256 SF (X2 BLDGS)	8,512 SF
BUILDING TYPE 2	3,734 SF
BUILDING TYPE 3	2,680 SF
BUILDING TYPE 4 2,128 SF (X2 BLDGS)	4,256 SF
INTERIOR COMMON AMENITY SPACE	665 SF
TOTAL	19,817 SF
MAX BUILDING HEIGHT	42'

SETBACKS
BUILDING SETBACKS = NONE

OPEN SPACE/GREEN AREA:
OPEN SPACE PROVIDED = 15,279 SF (15.1%)

PARKING CALCULATIONS:

RESIDENTIAL PARKING:

(36) 1 BED @ 1.5/	=54
(36) 2 BED @ 2/	=72
GROSS PARKING REQUIRED BY CITY STANDARD MULTIFAMILY PARKING CODE	=126

PARKING ADJUSTMENTS

UNIT COUNT >50 (1/10 UNITS OVER 50) (126-50) / 10	=7
BIKE REDUCTION -10%	-12
NET RESIDENTIAL REQUIRED BY CITY STANDARD MULTIFAMILY PARKING CODE	=107

PARKING SPACES PROVIDED:

GARAGE SPACES	=70
PARALLEL SPACES	=15
TOTAL SPACES PROVIDED	=85

LANDSCAPE CALCULATIONS:

Internal Landscape

5% of parking/vehicular use area required to be landscape area in CC district if 50 parking spaces OR 20,000 SF parking/vehicular use area
Per 30 parking spaces OR 12,000 SF parking/vehicular use area, provide 1 canopy tree (or 2 understory trees)

Parking/Vehicular Area = 40,488 SF, 15 parking spaces (85 total spaces – 70 garage spaces)
5% Required – 2,024 SF, 4 canopy trees (or 8 understory trees, or combination thereof)
Provided – 1,874 SF, 8 understory trees*

*Additional 2 canopy trees and 2 pedestrian benches are provided to mitigate the reduced interior green SF.

Perimeter Landscape

Northern Boundary– Along Pacific Street– Intervening building between vehicular use and street.
Required– No perimeter landscape required

Eastern Boundary– Along Benton Avenue– Intervening building between vehicular use and street.
Required= No perimeter landscape required

Western Boundary– Along Jefferson Avenue–Intervening building between vehicular use and street. R.O.W. greater than 70'.
Required– No perimeter landscape required

Buffer Yard Landscape

"D" buffer yard — Along South Property Line
6-foot height solid wood fence allows 0.6 multiplier for plant requirements
1.6 Canopy Trees, 1.6 understory trees, 1.6 evergreen trees, 14 shrubs per 11.2 LF

Northern Boundary– Along Pacific Street– Abutting commercial street zone 1 (COM-1)
Required– No buffer yard requirement.

Eastern Boundary– Along Benton Avenue– R.O.W. is greater than 70'.
Required– No buffer yard requirement.

Southern Boundary– Adjacent property is SF. Buffer Yard "D" required
485 LF buffer yard frontage
Typically Provided= 15' buffer yard width, 6 foot solid wood fence, 8 canopy trees, 8 understory trees, 8 evergreen trees, 58 shrubs
Proposed= 6-foot solid wood fence. 10 foot minimum BUFFER YARD width. 12 canopy trees, 12 understory trees, 12 evergreen trees, 84 shrubs

Western Boundary– Along Jefferson Avenue–R.O.W. is greater than 70'.
Required= No buffer yard requirement.

Public R.O.W. Tree Replacement
Each removed R.O.W. tree will be replaced at a rate of 1:1 with a tree of 2" caliper at installation.

Required: 2 replacement R.O.W. trees
Provided: 4 replacement R.O.W. trees

Private Site Tree Replacement
A tree 6" or greater in diameter must be preserved or replaced with a tree of at least 2" in diameter — for a maximum total of 7 trees per acre. Trees meeting the landscape requirements in the zoning ordinance may be counted toward this requirement.

Demolished existing trees greater than 6" on 2.32 acre site: 11

Required:11 replacement trees
Provided:11 replacement trees (3 canopy trees, 8 understory interior green trees)

Headlight Screening
Parking does not face directly into Residential property.
NO additional screening required.

Bike Parking
2 Bike spaces substituted for each required automobile space
12 Automobile spaces removed

Required:12 Bike rack parking for 24 bikes
Provided:12 Bike rack parking for 24 bikes

Foundation Plantings
Each foundation landscape area shall contain at least one (1) evergreen shrub, two (2) deciduous shrubs, and four (4) perennial flowers per pedestrian front door entry point along the Public right-of-way.

Required:17 evergreen shrubs, 34 deciduous shrubs, 68 perennial flowers
Provided:17 evergreen shrubs, 34 deciduous shrubs, 68 perennial flowers

LOTS 1 THRU 3 BLOCK 18
SURVEY DESCRIPTION

LOTS 9 THRU 12 BLOCK 18
SURVEY DESCRIPTION

olsson

REV. NO.	DATE	REVISIONS DESCRIPTION

REVISIONS

PLANNED DEVELOPMENT EXHIBIT
SITE CALCULATIONS

PACIFIC SOUTH TOWNHOMES

SPRINGFIELD, MISSOURI

2023

SHEET
3 of 3

Exhibit I-10

SPR 18148992.13

4

Exhibit I-11

SPR 18148992.13

Exhibit I-12

6

Exhibit I-13

EXHIBIT J

[URBAN REDEVELOPMENT CORPORATION/DEVELOPER]

[please see attached]

STATE OF MISSOURI

John R. Ashcroft
Secretary of State

CERTIFICATE OF AGREEMENT OR ASSOCIATION

WHEREAS, Articles of Agreement or Association of

COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION
RD001394006

have been received and filed in the Office of the Secretary of State, which Articles, in all respects, comply with the requirements of Urban Redevelopment Corporations Law.

NOW, THEREFORE, I, JOHN R. ASHCROFT, Secretary of State of the State of Missouri, do by virtue of the authority vested in me by law, do hereby certify and declare this entity a body corporate, duly organized this date and that it is entitled to all rights and privileges granted corporations organized under the Urban Redevelopment Corporations Law.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 22nd day of August, 2023.

Secretary of State

SOS #30 (01-2017)

Exhibit J-2

SPR 18148992.13

RD001394006
Date Filed: 8/22/2023
John R. Ashcroft
Missouri Secretary of State

ARTICLES OF AGREEMENT
OF
COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION

The undersigned, being a natural person of the age of eighteen (18) years or more, and acting as incorporator of a corporation to be organized pursuant to the provisions of the "Urban Redevelopment Corporations Law" of Missouri, Chapter 353, RSMo., does hereby adopt the following Articles of Agreement.

ARTICLE I

The name of the corporation is Commercial-Pacific Street Redevelopment Corporation (the "***Corporation***").

ARTICLE II

The principal business office shall be located at 1660 N. Campbell Ave, Springfield, MO 65803 with a mailing address of 1660 N. Campbell Ave, Springfield, MO 65803.

ARTICLE III

The address of the initial registered office and registered agent of the Corporation in the State of Missouri is 2144 E. Republic Road, Suite B300, Springfield, Missouri 65804, with a mailing address of 2144 E. Republic Road, Suite B300, Springfield, Missouri 65804. The initial registered agent of the Corporation at such address is Spenserv-Springfield, Inc.

ARTICLE IV

The aggregate number of shares which the Corporation shall have the authority to issue is 30,000, all having a par value of $0.01 each, and all of which are of one class and are designated as Common Stock. All shares shall have equal rights and powers and there are no pre-emptive rights of shareholders with respect to any shares issued or to be issued by the Corporation.

ARTICLE V

The Corporation is formed for the following purposes:

5.1 To acquire, construct, maintain and operate a redevelopment project or redevelopment projects in accordance with the provisions of Chapter 353, RSMo.

5.2 To purchase, receive or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lease, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of other domestic or foreign corporations, associates, partnerships or individuals, insurance or annuities in any form, or direct or indirect obligations of the United States or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof.

5.3 To purchase, receive, lease or otherwise acquire, own, hold, improve, use, sell and otherwise deal in and with real or personal property, or any interests therein, wherever situated.

5.4 To engage in any lawful act or activity for which corporations may be organized under the Urban Redevelopment Corporations Law of Missouri.

ORI-08222023-2213 State of Missouri
No of Pages 5 Pages

5.5 To serve a public purpose and all real estate acquired by it and all structures erected by it are to be acquired for the purpose of promoting the public health, safety and welfare, in that the stockholders of the Corporation shall when they subscribe to and receive the stock hereof, agree that the net earnings of the Corporation shall be limited to an amount not to exceed eight percent (8%) per annum of the cost to such Corporation of the redevelopment project, including the cost of the land or the balances of such cost as reduced by amortization payments, provided that the net earnings derived from any redevelopment project shall in no event exceed a sum equal to eight percent (8%) per annum upon the entire cost thereof. Such net earnings shall be computed after deducting from gross earnings the following:

(a) All costs and expenses of maintenance and operation;

(b) Amounts paid for taxes, assessments, insurance premiums and other similar charges;

(c) An annual amount sufficient to amortize the cost of the entire project at the end of the period, which shall not be more than sixty (60) years from the date of completion of the project. The development plan may contain provisions satisfactory to the legislative authority authorizing such plan that any surplus earnings in excess of the rate of net earnings provided in this chapter may be held by the Corporation as a reserve for maintenance at such rate of return in the future and may be used by the Corporation to offset any deficiency and such rate of return which may have occurred in prior years; or may be used to accelerate the amortization payment; or for the enlargement of the project; or for reduction in the rentals therein; provided, that any excess of such surplus earnings remaining at the termination of a tax relief granted pursuant to Section 353.110 shall be turned over by the Corporation to the city.

5.6 To clear, re-plan, reconstruct or rehabilitate blighted areas, and the construction of such industrial, commercial, residential or public structures as may be appropriate, including provisions for recreational and other facilities incidental or appointments thereto.

5.7 It is the intention of each of the purposes specified hereinabove shall be liberally construed as powers and in no way limited or restricted by reference to or inference from the terms contained therein or any other paragraph. The enumeration of specific purposes shall not be construed to restrict in any manner the general objects and purposes of this Corporation, nor shall the expression of one thing be deemed to exclude another.

ARTICLE VI

The name and mailing address of the subscriber is:

Shelby D. Wood
2144 East Republic Road, Suite B300
Springfield, Missouri 65804

ARTICLE VII

The number of directors to constitute the Board of Directors of the Corporation is three (3). The name and mailing address of each person who is to serve as a director for the first year or until a successor is elected is as follows:

Titus Williams
1660 N Campbell Ave.
Springfield, MO 65803

Viviana Writer
1660 N Campbell Ave.
Springfield, MO 65803

Timothy O'Reilly
4045 E. Sunshine Street, Suite 200
Springfield, MO 65809

The number of Directors to constitute subsequent Boards of Directors shall be fixed by, or in the manner provided in, the By-laws of the Corporation, but shall be no less than three (3) or more than four (4).

ARTICLE VIII

The duration of the Corporation shall be ninety-nine years.

ARTICLE IX

No contract or other transaction between this Corporation and any other firm or Corporation shall be affected or invalidated by reason of the fact that any of the directors or officers of this Corporation are interested in or are members, shareholders, directors or officers of such other firm or Corporation. Any director or officer of this Corporation may be a party to or may be interested in any contract or transaction of this Corporation or in which this Corporation is interested and no such contract shall be affected or invalidated thereby. Each and every person who may become a director or officer of this Corporation is hereby relieved of any liability that might otherwise exist from his contracting with this Corporation for the benefit of himself or any firm, person, association or Corporation which he may be in any way interested in each case as long as the contract or transaction is fair to the company or is otherwise authorized by Missouri law.

ARTICLE X

10.1 *Indemnification*. Each person who was or is made a party, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***proceeding***"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation, or is or was serving at the request for the Corporation as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise, whether the basis of such proceeding is an alleged act, failure to act, or omission in an official capacity as a director or officer, or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General and Business Corporation Law of Missouri and the General Not for Profit Corporation Law of Missouri, as both now exist or may hereafter be amended, (but, in the case of any amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification than said Law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorney's fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a proceeding initiated by such person only if such proceeding was authorized or later ratified by the Board of Directors of the Corporation or is authorized by this Article. Such indemnification shall include the right to be paid by the Corporation for all expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so

advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article or otherwise.

10.2 *Right of Claimant to Bring Suit.* If any amount claimed due under Section 10.1, above, is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

10.3 *Limitation of Indemnification.* No indemnity pursuant to this Article shall be paid by the Corporation on account of any director's or officer's conduct which is finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct by a court having jurisdiction in the matter.

10.4 *Non-exclusivity.* The indemnification and rights conferred on any person by this Article shall not be exclusive of any other indemnification or right which such person may have or hereafter acquire under any statute or rule of law, or under any provision of the Articles of Incorporation or By-Laws of this Corporation, or under or by reason of agreement, vote of stockholders or disinterested directors or otherwise.

10.5 *Insurance.* The Corporation may maintain insurance, at its expense, to protect itself and any such director or officer against any expense, liability or loss, whether or not the Corporation has the power to indemnify such person against such expense, liability or loss under the General and Business Corporation Law of Missouri or the General Not for Profit Corporation Law of Missouri.

10.6 *Survival.* Each person who was or is a director or officer of the Corporation and the heirs, executors, administrators and estate of such person, are third party beneficiaries of this Article and shall be entitled to enforce against the Corporation all indemnification and other rights granted to such person by applicable law and as otherwise provided in this Article.

10.7 *Amendment or Repeal.* This Article may be hereafter amended or repealed; provided, however, that no amendment or repeal or adoption of a provision inconsistent with the provisions of this Article shall reduce, terminate or otherwise adversely affect the right of a person who was or is a director or officer to obtain indemnification or an advance of expenses with respect to a proceeding that pertains to or arises out of any act, failure to act or omission that occurred prior to the effective date of the amendment, repeal or adoption of such inconsistent provision.

ARTICLE XI

In the event that income debenture certificates are issued by the Corporation, the owners thereof shall have the same right to vote as they would have if possessed of certificates of stock of the amount and par value of the income debenture certificates held by them. The income debenture certificates or preferred stock of the Corporation may be retired as and when there shall be funds available in the treasury of the Corporation from the receipt of the amortization or sinking fund in installments for the purpose. Interest shall not be paid by the Corporation upon such income debenture certificates in excess of nine percent (9%) per annum. This limitation shall not apply to other debt of the Corporation.

ARTICLE XII

The Board of Directors may make, alter, and repeal the By-Laws of the Corporation.

IN TESTIMONY WHEREOF, I have subscribed my name this 8th day of August, 2023.

Shelby D. Wood, Subscriber/Incorporator

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

I, Reagan Meador, a Notary Public in and for said County and State, do hereby certify that on this 22nd day of August, 2023, personally appeared Shelby D. Wood, who being by me first duly sworn, declared that he is the person who signed the foregoing document as Subscriber/Incorporator, and that the statements contained therein are true.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal the day and year last above written.

Reagan Elizabeth Meador

Name: Reagan Elizabeth Meador
Title: Notary Public

My Commission Expires: Feb. 6, 2027
County of Commission: Greene

REAGAN ELIZABETH MEADOR
Notary Public-Notary Seal
STATE OF MISSOURI
Commissioned for Greene County
My Commission Expires: Feb. 6, 2027
ID. #23080415

SPR 18284720.1

Exhibit J-7

STATE OF MISSOURI

John R. Ashcroft
Secretary of State

CERTIFICATE OF AGREEMENT OR ASSOCIATION

WHEREAS, Articles of Agreement or Association of

COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION
RD001394006

have been received and filed in the Office of the Secretary of State, which Articles, in all respects, comply with the requirements of Urban Redevelopment Corporations Law.

NOW, THEREFORE, I, JOHN R. ASHCROFT, Secretary of State of the State of Missouri, do by virtue of the authority vested in me by law, do hereby certify and declare this entity a body corporate, duly organized this date and that it is entitled to all rights and privileges granted corporations organized under the Urban Redevelopment Corporations Law.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 22nd day of August, 2023.

Secretary of State

Pacific South Redevelopment Area
Chapter 353 Qualifications Study

CITY OF SPRINGFIELD, MISSOURI

June 14, 2023

PGAV PLANNERS

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SECTION 1 – INTRODUCTION

PURPOSE OF THIS REPORT

The City of Springfield, Missouri (the "City") is seeking to encourage the physical and economic revitalization of a property in the corporate limits of the City generally located just outside of the Commercial Street Historic District hereinafter referred to as the "Area". The Area is depicted and described in **Appendix A – Redevelopment Area Boundary Map and Parcel List** on the next page and consists of two parcels. The parcel locations and the associated parcel identification number from the Green County Assessor records are as follows:

- 1630 N. Jefferson Avenue identified by parcel identification number 881312323014.
- 1635 N. Benton Avenue identified by parcel identification number 881312323001.

This report reflects current conditions based on data acquisition and field investigations in April 2023 and documents the conditions that were found to be present in the Area. Additionally, the analysis reflects the current definition of "blighted area" in The Urban Redevelopment Corporations Law, Chapter 353, RSMo. (hereinafter referred to as "Chapter 353"). In 2021, the definition of "blighted area" in Section 353.020(2) of Chapter 353 was amended to cross-reference the definition of "blighted area" in Section 99.805(1), RSMo., which provides:

> ***"Blighted area"****, an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.*

A finding that an area is a "blighted area" as defined by Chapter 353 is required for the establishment of an "area" pursuant to Chapter 353. However, Chapter 353 also defines "Area" in a larger context. This recognizes that a Chapter 353 Area may include properties that are not blighted but are required to implement the overall redevelopment plan.
Chapter 353 defines "area" as follows:

> ***"Area"****, that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction, or rehabilitation of the area of which such buildings, improvements or real property form a part. (Section 353.020(1) of Chapter 353).*

Among other things, Chapter 353 allows cities to:

- Identify and designate areas for redevelopment that qualify as "blighted areas".
- Adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken.
- Approve a redevelopment project for implementation of such development plan.
- Utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a "blighted area" through the completion of a redevelopment project.

As set forth in Chapter 353, certain of the above-listed actions may be delegated by the City to an "urban redevelopment corporation", as defined in Chapter 353.

AREA DESCRIPTION AND BACKGROUND

Based on our review of City documents, the two buildings within the Area which are the subject of this report do not appear to be historically designated or within the City's adjacent Commercial Street Historic District. However, these structures are in need of significant repair and rehabilitation and their adjacency to a historic district makes their rehabilitation more important. In addition, ongoing uses of such structures often need adaptive reuse because they are no longer useful or suitable for their original intended purposes. Redeveloping historic or architecturally significant buildings is far more costly and usually more so if they are to be put to another use. Often the cost of revitalization of such structures exceeds the value of land and buildings in their present condition even if the building(s) is sound overall. The Area does not benefit from a location within a Tax Increment Financing (TIF) district or Community Improvement District (CID) and the associated financial incentive assistance vehicles that have been put in place. Chapter 353 can provide up to 25 years of real estate tax abatement to assist projects that now need financial assistance in order to cover extraordinary costs associated with revitalization and redevelopment.

SECTION 2 – BASIS FOR DESIGNATION AS A BLIGHTED AREA

This report is based upon on-site investigation of the Area conducted by PGAV Planners, LLC ("PGAV") in April 2023. City staff also provided information used in this analysis along with information from the property owners. PGAV relied upon its experience, knowledge of the Springfield real estate market, and professional expertise in the preparation of the analysis. Photographs illustrating representative blighting conditions taken during the site visit are displayed in **Appendix B**. Characteristics of the blighting conditions are discussed in this section of the report. However, this report will not reflect changes in conditions or events that have occurred after the most recent field investigation of the Area or publication of this report.

PHYSICAL DETERIORATION

In general, deterioration refers to the physical and economic deterioration of the improvements of the Area both in terms of buildings and other above-ground structures, below-grade supporting structures such as water, sewer, and electric utilities, and surface site improvements such as parking areas, access and circulation roadways and drives, and lighting fixtures, signage, etc.

Deterioration may be evident in otherwise sound buildings containing minor defects, such as a lack of painting, loose, missing, or deteriorating roofing materials, deteriorating floor or ceiling plates or holes and cracks over limited areas. Deterioration that is not easily curable during normal maintenance includes defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, siding, and fascia materials, driveways, parking areas, garages, etc.

Deterioration of site improvements is a function of many factors that are typically the result of deferred maintenance that occurs over time. If ongoing maintenance is not carried out, the conditions become much more extensive and expensive to fix. Physical deterioration is accelerated over time by other contributing factors all of which are present within the Area. The building located at 1635 N. Benton Avenue was built in 1925, with at least one addition occurring in the 1960s to add a chapel to the south end of the building. This building operated as a funeral home until its closure in 2016.

Based on field reconnaissance, the parcels comprising the Area have buildings and site improvements or both that exhibit signs of physical deterioration. These range in severity but include interior water damage, exposed wiring, damaged fascia and soffits, peeling paint, broken or damaged windows and doors, and cracking and/or pot-holed parking lots.

As detailed in the photographs in **Appendix B**, during field investigations, PGAV observed instances of physical deterioration of site improvements such as buildings, accessory structures, lighting, infrastructure, and paved surfaces (e.g., roadways and parking areas) in the Area:

- The age of the structures virtually assures the presence of lead-based paint. Depending on interior improvements that have been made over the years, asbestos may be present in some of the building materials.
- Changes to electrical, plumbing, heating and air conditioning likely occurred over time and most likely do not meet current building code standards and modern equipment needs. Additionally, during the site visit exposed wiring was identified in multiple places.
- The former use of the building at 1635 N. Benton Avenue as a funeral home presents concerns regarding possible building or site contamination from chemicals used for embalming and disinfecting.
- Interior ceilings and walls show evidence of water damage and other deterioration.
- Building exteriors showed signs of deterioration, including cracks along brick exterior walls, peeling paint, and missing siding. Fascia, soffits, gutters, and downspouts were missing or damaged in several places. In some instances, exterior improvements such as stairs, railings, fascia and soffits are deteriorated and require repair or replacement.
- Several windows and doors were broken or deteriorated. These are prime entry points for vermin, as well as access points for individuals trespassing.
- Overgrown vegetation is present on and around the buildings.
- Accessory structures (both attached and detached) include a garage, shed, portico, and port cochere. These structures show signs of deterioration, including rotting wood, peeling paint, and distorted structural components, indicating structural instability.
- Nearly all paved surfaces on private property (either parking areas or sidewalks) exhibit evidence of widespread cracking or potholes that need resealing, repair, or replacement.

In general, the age and condition of the buildings in the Area impedes its redevelopment and advances physical deterioration, particularly when the structures have little attractiveness for uses other than their current ones. Building codes and safety and environmental regulations have also significantly changed over the past decades, which could mean aspects of these buildings are nonconforming to the City's current building codes. Other factors such as energy efficiency (older lighting systems, heating, and cooling units, and building insulation) resulting from their age contribute to their declining usability and increases redevelopment costs.

INSANITARY OR UNSAFE CONDITIONS

During field investigations, there were no observations of vermin or their activity, but review of the property indicated that their presence is likely. Openings in various deteriorating building materials on each of the principal buildings and related outbuilding structures provide ideal access locations for birds, squirrels, mice, rats, and bats. Various types of debris, discarded materials, and overgrowth are scattered around the site. These factors represent unsanitary and unsafe conditions.

CONDITIONS ENDANGERING LIFE OR PROPERTY

Both buildings within the Area appear to be vacant and unsecured. During the site visit, buildings had damage to windows and doors, and food was found left out, signs of possible trespassing and illegal entry to these properties. The abandoned nature of these buildings is also conducive to crime and a fire hazard.

ECONOMIC LIABILITY

The Area, by reason of physical deterioration has become an economic liability. PGAV conducted an analysis of the equalized assessed valuation (EAV) of all the parcels in the Area between 2013 and 2022. Since 2023 equalization has not yet occurred and property tax rates have not been set, 2023 EAV was not used.

Table 1 – EAV History, below, shows that between 2018 and 2023, the combined EAV for the area grew by 7.2%. EAV history from 2013 to 2018 shows similar trends for the parcel located at 1635 N Benton Avenue. However, the parcel at 1630 N Jefferson Avenue was sold in February of 2017 by Kitchen, Inc., a nonprofit, converting the property from tax-exempt to taxable. As a result, EAV data prior to 2018 is $0 for this property.

Table 1- EAV History

Pacific South Redevelopment Area

Tax Year	Assessed Value	Annual % Change
2018	$191,620	
2019	$203,070	6%
2020	$203,070	0%
2021	$205,470	1%
2022	$205,470	0%
% Change 2018-2022		**7.2%**

Since there have been no visible improvements or significant City-issued building permits for these properties and given the property conditions shown in the photos in **Appendix B**, this

change in value of 7.2% since 2018 is largely an inflationary adjustment. This also may be the result of an increase in value of the land and not the improvements. Therefore, it is clear that all the assessed value changes are the result of Assessor valuation models and not real investment. It should be noted that according to Assessor data, 2023 preliminary assessed value for the Area increases by 3.8% from 2022 values. It is not known what this increase is based on, but given that the condition of the properties would not seem to warrant any increase over 2022 values, it is likely also related to the reasons stated above.

In order to more accurately determine whether land and improvements are becoming an economic liability for the City and the taxing districts is to compare the rate of increase of EAV with inflation using the Consumer Price Index (CPI) and to compare the Area to the changes in EAV for the City over the same period.

Table 2 – CPI for All Urban Consumers (CPI-U) below shows the CPI trends from 2018-2022. By comparison to the CPI, the assessed valuation of the Area increased by 7.2% while the CPI went up by 15.7%. Therefore, the Area's growth is slower than inflation, indicating overall economic decline. **Table 3 - City of Springfield, Real Property Tax Assessed Value History** below shows that over the 2018-2022 period the City's assessed value increased by 12.8 %. This is an additional indicator that property values in the Area represent property that is a declining asset.

Table 2

Consumer Price Index All Urban Consumers (CPI-U)*

Year	CPI	Annual % Change
2018	251.107	
2019	255.657	1.8%
2020	258.811	1.2%
2021	270.970	4.7%
2022	292.655	8.0%
% Change 2018-2022		15.7%

* Not Seasonally Adjusted

Table 3

City of Springfield Real Property Tax Assessed Value History

Year	Assessed Value	Annual % Change
2018	$2,437,156,000	
2019	$2,454,547,000	0.7%
2020	$2,600,436,000	5.9%
2021	$2,635,436,000	1.3%
2022	$2,749,976,000	4.3%
% Change 2018-2022		12.8%

The Area presents an economic liability due to the inability for property values to keep pace with inflation or the property value growth of the City.

SECTION 3 – SUMMARY

The discussion of the preceding sections of this report and the photographic evidence presented in **Appendix B** provides evidence that the Area meets the "blighted area" requirements for designation as a Chapter 353 Area by indicating the existence of blighting factors within the Area.

Both parcels in the Area show varying levels of deterioration of site improvements, including:

- Deterioration of building exteriors (walls, siding, fascia, soffits, windows, doors, gutters, downspouts, painted surfaces, etc.).
- Deterioration of building interiors (walls, ceilings, wiring, etc.).
- Deterioration and/or dilapidation of accessory structures (garage, shed, portico, port cochere, etc.).
- Deterioration of site improvements such as driveways and parking areas.

Additionally, the Area has unsafe and insanitary conditions, as well as conditions endangering life and property, as a result of building vacancy, evidence of trespassing and breaking and entering, and conditions attractive to vermin.

The Area's physical deterioration coupled with age and outmoded design for modern uses have hampered the Area's economic value and performance as a generator of tax revenue for affected taxing districts. The lack of significant new development has impacted the Area's ability to generate reasonable tax revenues for the taxing jurisdictions that rely on the Area for revenues to fund public services (e.g., fire, police, sanitary, sewer, education, etc.) for area residents. Also, the vacancies and unsafe conditions in the Area may result in an additional burden and/or cost to public services. Ultimately, the area presents an economic liability due to the inability of property values to keep pace with inflation or the property value growth of the City.

This report clearly demonstrates that the Area meets the Chapter 353 criteria for qualifying as a blighted area. However, as noted in the "Introduction" section of this report, Section 353.020, (1) of Chapter 353 does not require all buildings and improvements to be blighted if their inclusion in an area is required for effective clearance, replanning, reconstruction, or rehabilitation of the area.

Therefore, this report supports the finding that the Area, on the whole, meets the requirements of a "blighted area," as is defined in Chapter 353 because of:

- Aging buildings and site improvements displaying physical deterioration,
- Unsafe and insanitary conditions and conditions endangering life and property,
- Lack of existing buildings with desirability for new uses, and
- Stagnating property values not keeping pace with other commercial areas of the City or the rate of inflation.

APPENDIX A

REDEVELOPMENT AREA BOUNDARY MAP
AND
PARCEL LIST

EXHIBIT 1 - REDEVELOPMENT PROJECT AREA MAP

Pacific South Redevelopment Area
Springfield, MO

0 100 200 Feet

N

PGAV PLANNERS LLC

EXHIBIT 2 - PARCEL LIST AND CURRENT EAV

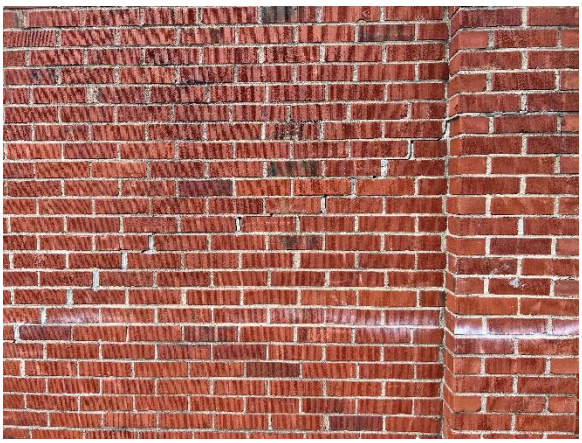
Parcel ID	Parcel Address	Owner	2022 EAV
881312323014	1630 N Jefferson Ave, Springfield, MO	Historic Commercial Development LLC	$97,760
881312323001	1635 N Benton Ave, Springfield, MO	Titus Williams LLC	$107,710

APPENDIX B

PHOTO APPENDIX

Tornado Shelter

436



may

540 E. Commercial Redevelopment Area
Chapter 353 Qualifications Study

CITY OF SPRINGFIELD, MISSOURI

June 14, 2023

PGAV PLANNERS

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SECTION 1 – INTRODUCTION

PURPOSE OF THIS REPORT

The City of Springfield, Missouri (the "City") is seeking to encourage the physical and economic revitalization of a property in the corporate limits of the City generally located within the Commercial Street Historic District hereinafter referred to as the "Area". The Area is depicted and described in **Appendix A – Redevelopment Area Boundary Map and Parcel List** on the next page and consists of four parcels and a single building. The parcel locations and the associated parcel identification number from the Green County Assessor records are as follows:

- 1727 N. Washington Avenue identified by parcel identification number 881312327018.
- 530 E. Commercial Street identified by parcel identification number 881312327029.
- 536 E. Commercial Street identified by parcel identification number 881312327027.
- 540 E. Commercial Street identified by parcel identification number 881312327001.

This report reflects current conditions based on data acquisition and field investigations in April 2023, and documents the conditions that were found to be present in the Area. Additionally, the analysis reflects the current definition of "blighted area" in The Urban Redevelopment Corporations Law, Chapter 353, RSMo. (hereinafter referred to as "Chapter 353"). In 2021, the definition of "blighted area" in Section 353.020(2) of Chapter 353 was amended to cross-reference the definition of "blighted area" in Section 99.805(1), RSMo., which provides:

> ***"Blighted area"****, an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.*

A finding that an area is a "blighted area" as defined by Chapter 353 is required for the establishment of an "area" pursuant to Chapter 353. However, Chapter 353 also defines "Area" in a larger context. This recognizes that a Chapter 353 Area may include properties that are not blighted but are required to implement the overall redevelopment plan.
Chapter 353 defines "area" as follows:

> ***"Area"****, that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning,*

reconstruction, or rehabilitation of the area of which such buildings, improvements or real property form a part. (Section 353.020(1) of Chapter 353).

Among other things, Chapter 353 allows cities to:

- Identify and designate areas for redevelopment that qualify as "blighted areas".
- Adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken.
- Approve a redevelopment project for implementation of such development plan.
- Utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a "blighted area" through the completion of a redevelopment project.

As set forth in Chapter 353, certain of the above-listed actions may be delegated by the City to an "urban redevelopment corporation", as defined in Chapter 353.

AREA DESCRIPTION AND BACKGROUND

Based on our review of City documents, the building within the Area which is the subject of this report does not appear to be historically designated but is located within the Commercial Street Historic District. This is a historically significant structure that is in need of significant repair and rehabilitation. In addition, ongoing uses of such structures often need adaptive reuse because they are no longer useful or suitable for their original intended purposes. Redeveloping historic or architecturally significant buildings is far more costly and usually more so if they are to be put to another use. Often the cost of revitalization of such structures exceeds the value of land and buildings in their present condition even if the building(s) is sound overall.

The Area benefits from a location within a Tax Increment Financing (TIF) district and Community Improvement District (CID) and the associated financial incentive assistance vehicles that have been put in place. Chapter 353 designation can provide an additional financial resource, providing up to 25 years of real estate tax abatement to assist projects that now need financial assistance in order to cover extraordinary costs associated with revitalization and redevelopment.

SECTION 2 – BASIS FOR DESIGNATION AS A BLIGHTED AREA

This report is based upon on-site investigation of the Area conducted by PGAV Planners, LLC ("PGAV") in April, 2023. City staff also provided information used in this analysis along with information from the property owners. PGAV relied upon its experience, knowledge of the Springfield real estate market, and professional expertise in the preparation of the analysis. Photographs illustrating representative blighting conditions taken during the site visit are displayed in **Appendix B**. Characteristics of the blighting conditions are discussed in this section of the report. However, this report will not reflect changes in conditions or events that have occurred after the most recent field investigation of the Area or publication of this report.

PHYSICAL DETERIORATION

In general, deterioration refers to the physical and economic deterioration of the improvements of the Area both in terms of buildings and other above-ground structures, below-grade supporting structures such as water, sewer, and electric utilities, and surface site improvements such as parking areas, access and circulation roadways and drives, and lighting fixtures, signage, etc.

Deterioration may be evident in otherwise sound buildings containing minor defects, such as a lack of painting, loose, missing, or deteriorating roofing materials, deteriorating floor or ceiling plates or holes and cracks over limited areas. Deterioration that is not easily curable during normal maintenance includes defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, siding, and fascia materials, driveways, parking areas, garages, etc.

Deterioration of site improvements is a function of many factors that are typically the result of deferred maintenance that occurs over time. If ongoing maintenance is not carried out, the conditions become much more extensive and expensive to fix. Physical deterioration is accelerated over time by other contributing factors all of which are present within the Area.

Based on field review, the parcels comprising the Area have buildings and site improvements or both that exhibit signs of physical deterioration. These range in severity but include interior water damage, cracked exterior walls, peeling paint, broken or damaged windows and doors, and overgrown vegetation.

As detailed in the photographs in **Appendix B**, during field investigations, PGAV observed instances of physical deterioration of site improvements such as buildings, accessory structures, lighting, infrastructure, and paved surfaces (e.g., roadways and parking areas) in the Area:

- The age of the structures virtually assures the presence of lead-based paint. Depending on interior improvements that have been made over the years, asbestos may be present in some of the building materials.

- Changes to electrical, plumbing, heating and air conditioning likely occurred over time and most likely do not meet current building code standards and modern equipment needs. Additionally, during the site visit exposed and damaged wiring and electrical boxes were identified.

- Interior ceilings and walls show evidence of water damage, exposed and rotting wood, peeling paint, and other deterioration. Interior flooring showed deterioration from water damage and broken or missing flooring materials. The stairwell into the basement was significantly damaged and unsafe.

- Building exteriors showed signs of significant deterioration, including severely cracked and crumbling exterior walls, peeling paint, and rotting or damaged wood. In some instances, exterior improvements such as stairs, railings, eaves, and awnings are deteriorated and require repair or replacement.

- Several windows and doors were broken, unsealed, or otherwise deteriorated. Numerous gaps between window frames and window openings were also visible. These are prime entry points for vermin, as well as access points for individuals trespassing.

- Overgrown vegetation is present on and around the building. Stormwater management appears to be a concern with damaged or improperly designed downspouts seen pouring water along the edge of the building.

- Sidewalks along the building exhibit evidence of widespread cracking and vegetive overgrowth.

In general, the age and condition of the building in the Area impedes its redevelopment and advances physical deterioration, particularly when the structures have little attractiveness for uses other than their current ones. Building codes and safety and environmental regulations have also significantly changed over the past decades, which could mean aspects of the building are nonconforming to the City's current building codes. Other factors such as energy efficiency (older lighting systems, heating, and cooling units, and building insulation) resulting from their age contribute to their declining usability and increases redevelopment costs.

INSANITARY OR UNSAFE CONDITIONS

During field investigations, there were no observations of vermin or their activity, but review of the property indicated that their presence is likely. Openings in various deteriorating building materials on the building provide ideal access locations for birds, squirrels, mice, rats, and bats. Various types of debris, discarded materials, and overgrowth are scattered around the site. These factors represent unsanitary and unsafe conditions.

CONDITIONS ENDANGERING LIFE OR PROPERTY

The building within the Area appears to be vacant and insufficiently secured. During the site visit, the building had damage to windows and doors, and evidence of graffiti on some exterior walls. The electrical boxes on the building's exterior appear to have been tampered with. The abandoned nature of this building is also conducive to crime and a fire hazard.

ECONOMIC LIABILITY

The Area, by reason of physical deterioration, has become an economic liability. PGAV conducted an analysis of the equalized assessed valuation (EAV) of all the parcels in the Area between 2013 and 2022. Since 2023 equalization has not yet occurred and property tax rates have not been set, 2023 EAV was not used.

Table 1 – EAV History, below, shows that between 2018 and 2023, the combined EAV for the area declined by 13.4%. EAV history since 2013 shows no change in EAV for three of the parcels, but the parcel located at 540 E. Commercial Street saw a 2% drop in EAV from 2016 to 2017, and a 15% decline from 2018 to 2019. The cause of this drop in EAV is unknown.

Commented [SD1]: Do we know what could have caused this?

Table 1- EAV History

540 E. Commercial Redevelopment Area

Tax Year	Assessed Value	Annual % Change
2018	$79,570	
2019	$69,140	-13%
2020	$69,140	0%
2021	$68,880	0%
2022	$68,880	0%
% Change 2018-2022		**-13.4%**

Since there have been no visible improvements or significant City-issued building permits for these properties and given the property conditions shown in the photos in **Appendix B**, this drop in value of 13.4% since 2018 is largely the result of property condition decline. This also may be the result of an increase in the value of the land and not the improvements. Therefore, it is clear that all the assessed value changes are the result of Assessor valuation models and not real investment. It should be noted that according to Assessor data, 2023 preliminary assessed value for the Area increases by 25.7% from 2022 values, attributed to a change in value at 540 E. Commercial but none of the other parcels in the Area. It is not known what this increase is based on, but given that the condition of the properties would not seem to warrant any increase over 2022 values, it is likely also related to the reasons stated above.

Commented [SD2]: What is going on with this parcel?

In order to more accurately determine whether land and improvements are becoming an economic liability for the City and the taxing districts is to compare the rate of increase of EAV with inflation using the Consumer Price Index (CPI) and to compare the Area to the changes in EAV for the City over the same period.

Table 2 – CPI for All Urban Consumers (CPI-U) below shows the CPI trends from 2018-2022. By comparison to the CPI, the assessed valuation of the Area decreased by 13.4% while the CPI went up by 15.7%. Therefore, the Area's growth is significantly slower than inflation, indicating overall economic decline. **Table 3 - City of Springfield, Real Property Tax Assessed Value History** below shows that over the 2018-2022 period the City's assessed value increased by 12.8%. This is an additional indicator that property values in the Area represent property that is a declining asset.

Table 2

Consumer Price Index All Urban Consumers (CPI-U)*

Year	CPI	Annual % Change
2018	251.107	
2019	255.657	1.8%
2020	258.811	1.2%
2021	270.970	4.7%
2022	292.655	8.0%
% Change 2018-2022		15.7%

* Not Seasonally Adjusted

Table 3

City of Springfield Real Property Tax Assessed Value History

Year	Assessed Value	Annual % Change
2018	$2,437,156,000	
2019	$2,454,547,000	0.7%
2020	$2,600,436,000	5.9%
2021	$2,635,436,000	1.3%
2022	$2,749,976,000	4.3%
% Change 2018-2022		12.8%

The Area presents an economic liability due to the inability for property values to keep pace with inflation or the property value growth of the City.

SECTION 3 – SUMMARY

The discussion of the preceding sections of this report and the photographic evidence presented in **Appendix B** provides evidence that the Area meets the "blighted area" requirements for designation as a Chapter 353 Area by indicating the existence of blighting factors within the Area.

Parcels in the Area show varying levels of deterioration of site improvements, including:

- Deterioration of building exteriors (walls, siding, windows, doors, painted surfaces, etc.).
- Deterioration of building interiors (walls, ceilings, flooring, wiring, plumbing, etc.).
- Deterioration of site improvements such as driveways and parking areas.

Additionally, the Area has unsafe and insanitary conditions, as well as conditions endangering life and property, as a result of building vacancy, evidence of trespassing and breaking and entering, and conditions attractive to vermin.

The Area's physical deterioration coupled with age and outmoded design for modern uses have hampered the Area's economic value and performance as a generator of tax revenue for affected taxing districts. The lack of significant new development has impacted the Area's ability to generate reasonable tax revenues for the taxing jurisdictions that rely on the Area for revenues to fund public services (e.g., fire, police, sanitary, sewer, education, etc.) for area residents. Also, the vacancies and unsafe conditions in the Area may result in additional burden and/or cost to public services. Ultimately, the area presents an economic liability due to the inability of property values to keep pace with inflation or the property value growth of the City.

This report clearly demonstrates that the Area meets the Chapter 353 criteria for qualifying as a blighted area. However, as noted in the "Introduction" section of this report, Section 353.020, (1) of Chapter 353 does not require all buildings and improvements to be blighted if their inclusion in an area is required for effective clearance, replanning, reconstruction, or rehabilitation of the area. Therefore, this report supports the finding that the Area, on the whole, meets the requirements of a "blighted area," as is defined in Chapter 353 because of:

- Aging buildings and site improvements displaying physical deterioration,
- Unsafe and insanitary conditions and conditions endangering life and property,
- Lack of existing buildings with desirability for new uses, and
- Stagnating property values not keeping pace with other commercial areas of the City or the rate of inflation.

APPENDIX A

REDEVELOPMENT AREA BOUNDARY MAP
AND
PARCEL LIST

EXHIBIT 1 - REDEVELOPMENT PROJECT AREA MAP

540 E. Commercial Redevelopment Area
Springfield, MO

0 100 200 Feet

N

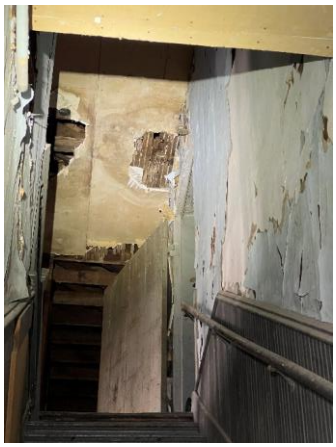
PGAV PLANNERS LLC

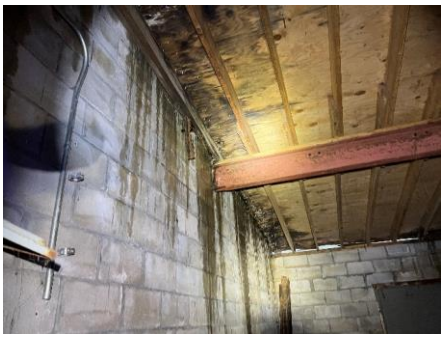
EXHIBIT 2 - PARCEL LIST AND CURRENT EAV

Parcel ID	Parcel Address	Owner	2022 EAV
881312327018	1727 N Washington Ave., Springfield MO	540 Commercial Partners LLC	$3,100
881312327029	530 E Commercial St., Springfield, MO	540 Commercial Partners LLC	$4,220
881312327027	536 E Commercial St., Springfield, MO	540 Commercial Partners LLC	$3,520
881312327001	540 E Commercial St., Springfield, MO	540 Commercial Partners LLC	$58,040

APPENDIX B

PHOTO APPENDIX





Pacific North Redevelopment Area
Chapter 353 Qualifications Study

CITY OF SPRINGFIELD, MISSOURI

June 14, 2023

PGAV PLANNERS

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SECTION 1 – INTRODUCTION

PURPOSE OF THIS REPORT

The City of Springfield, Missouri (the "City") seeks to encourage the physical and economic revitalization of a property in the corporate limits of the City generally located within the Commercial Street Historic District hereinafter referred to as the "Area". The Area is depicted and described in **Appendix A – Redevelopment Area Boundary Map and Parcel List** on the next page and consists of five parcels. The parcel locations and the associated parcel identification number from the Green County Assessor records are as follows:

- 1703 N. Benton Avenue identified by parcel identification number 881312324017.
- 1706 N. Jefferson Avenue identified by parcel identification number 881312324022.
- 1717 N. Benton Avenue identified by parcel identification number 881312324018.
- 1720 N. Jefferson Avenue identified by parcel identification number 881312324026.
- 410 E. Blaine Street identified by parcel identification number 881312324019.

This report reflects current conditions based on data acquisition and field investigations in April 2023, and documents the conditions that were found to be present in the Area. Additionally, the analysis reflects the current definition of "blighted area" in The Urban Redevelopment Corporations Law, Chapter 353, RSMo. (hereinafter referred to as "Chapter 353"). In 2021, the definition of "blighted area" in Section 353.020(2) of Chapter 353 was amended to cross-reference the definition of "blighted area" in Section 99.805(1), RSMo., which provides:

> ***"Blighted area"****, an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.*

A finding that an area is a "blighted area" as defined by Chapter 353 is required for the establishment of an "area" pursuant to Chapter 353. However, Chapter 353 also defines "Area" in a larger context. This recognizes that a Chapter 353 Area may include properties that are not blighted but are required to implement the overall redevelopment plan.
Chapter 353 defines "area" as follows:

> ***"Area"****, that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or*

unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction, or rehabilitation of the area of which such buildings, improvements or real property form a part. (Section 353.020(1) of Chapter 353).

Among other things, Chapter 353 allows cities to:

- Identify and designate areas for redevelopment that qualify as "blighted areas".
- Adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken.
- Approve a redevelopment project for implementation of such development plan.
- Utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a "blighted area" through the completion of a redevelopment project.

As set forth in Chapter 353, certain of the above-listed actions may be delegated by the City to an "urban redevelopment corporation", as defined in Chapter 353.

AREA DESCRIPTION AND BACKGROUND

Based on our review of City documents, the buildings within the Area which are the subject of this report do not appear to be historically designated but are located within the Commercial Street Historic District. These are historically significant structures that are in need of significant repair and rehabilitation. In addition, ongoing uses of such structures often need adaptive reuse because they are no longer useful or suitable for their original intended purposes. Redeveloping historic or architecturally significant buildings is far more costly and usually more so if they are to be put to another use. Often the cost of revitalization of such structures exceeds the value of land and buildings in their present condition even if the building(s) is sound overall.

The Area benefits from a location within a Tax Increment Financing (TIF) district and Community Improvement District (CID) and the associated financial incentive assistance vehicles that have been put in place. Chapter 353 designation can provide an additional financial resource, providing up to 25 years of real estate tax abatement to assist projects that now need financial assistance in order to cover extraordinary costs associated with revitalization and redevelopment.

SECTION 2 – BASIS FOR DESIGNATION AS A BLIGHTED AREA

This report is based upon on-site investigation of the Area conducted by PGAV Planners, LLC ("PGAV") in April 2023. PGAV relied upon its experience, knowledge of the Springfield real estate market, and professional expertise in the preparation of the analysis. Photographs illustrating representative blighting conditions taken during the site visit are displayed in **Appendix B**. Characteristics of the blighting conditions are discussed in this section of the report. However, this report will not reflect changes in conditions or events that have occurred after the most recent field investigation of the Area or publication of this report.

PHYSICAL DETERIORATION

In general, deterioration refers to the physical and economic deterioration of the improvements of the Area both in terms of buildings and other above-ground structures, below-grade supporting structures such as water, sewer, and electric utilities, and surface site improvements such as parking areas, access and circulation roadways and drives, and lighting fixtures, signage, etc.

Deterioration may be evident in otherwise sound buildings containing minor defects, such as a lack of painting, loose, missing, or deteriorating roofing materials, deteriorating floor or ceiling plates or holes and cracks over limited areas. Deterioration that is not easily curable during normal maintenance includes defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, siding, and fascia materials, driveways, parking areas, garages, etc.

Deterioration of site improvements is a function of many factors that are typically the result of deferred maintenance that occurs over time. If ongoing maintenance is not carried out, the conditions become much more extensive and expensive to fix. Physical deterioration is accelerated over time by other contributing factors all of which are present within the Area.

Based on PGAV's field reconnaissance, the parcels comprising the Area have buildings and site improvements or both that exhibit signs of physical deterioration. These range in severity but include interior water damage, exposed wiring, damaged fascia and soffits, peeling paint, broken or damaged windows and doors, and cracking and/or pot-holed parking lots.

As detailed in the photographs in **Appendix B**, during field investigations, PGAV observed instances of physical deterioration of site improvements such as buildings, accessory structures, lighting, infrastructure, and paved surfaces (e.g., roadways and parking areas) in the Area:

- The age of the structures virtually assures the presence of lead-based paint. Depending on interior improvements that have been made over the years, asbestos may be present in some of the building materials.

- Changes to electrical, plumbing, heating and air conditioning likely occurred over time and most likely do not meet current building code standards and modern equipment needs. Additionally, during the site visit exposed wiring was identified in multiple places. Exposed piping in ceilings and walls showed signs of damage or missing pipes.

- Interior ceilings and walls show evidence of water damage, missing ceiling tiles, peeling paint, and other deterioration. In some instances, entire portions of walls were stripped down to the beams, with insulation and other wall components strewn throughout the room. Interior flooring showed deterioration including from water damage and broken or missing flooring materials.

- Building exteriors showed signs of deterioration, including cracked and crumbling exterior walls, peeling paint, and missing siding. In some instances, exterior improvements such as stairs, railings, eaves, and awnings are deteriorated and require repair or replacement.

- Several windows and doors were broken, unsealed, or otherwise deteriorated. These are prime entry points for vermin, as well as access points for individuals trespassing.

- Overgrown vegetation is present on and around the buildings. Stormwater management and flooding appears to be a concern with large pools of water found on both paved and grass-covered surfaces. A pipe was found pouring water onto the sidewalk and yard off of the building located at 421 E. Pacific Avenue.

- Paved surfaces on private property exhibit evidence of widespread cracking or potholes that need resealing, repair, or replacement.

In general, the age and condition of the buildings in the Area impedes its redevelopment and advances physical deterioration, particularly when the structures have little attractiveness for uses other than their current ones. Building codes and safety and environmental regulations have also significantly changed over the past decades, which could mean aspects of these buildings are nonconforming to the City's current building codes. Other factors such as energy efficiency (older lighting systems, heating, and cooling units, and building insulation) resulting from their age contribute to their declining usability and increases redevelopment costs.

INSANITARY OR UNSAFE CONDITIONS

During field investigations, there were no observations of vermin or their activity, but review of the property indicated that their presence is likely. Openings in various deteriorating building materials on buildings provide ideal access locations for birds, squirrels, mice, rats, and bats. Various types of debris, discarded materials, and overgrowth are scattered around the site. These factors represent unsanitary and unsafe conditions.

CONDITIONS ENDANGERING LIFE OR PROPERTY

Buildings within the Area appear to be vacant and insufficiently secured. During the site visit, buildings had damage to windows and doors, and there were signs of possible trespassing and illegal entry to these properties. A tent was seen outside of the building at 1708 N. Jefferson Avenue and clothes and other personal effects were seen inside the building, indicating the likely presence of squatters or homeless individuals. A number of the buildings, but in particular the building at 1720 N. Jefferson Avenue, had significant damage to walls and ceilings exposing missing electrical and plumbing pieces, likely the result of theft. Additionally, graffiti on some interior walls. The abandoned nature of these buildings is also conducive to crime and a fire hazard.

ECONOMIC LIABILITY

The Area, by reason of physical deterioration has become an economic liability. PGAV conducted an analysis of the equalized assessed valuation (EAV) of all the parcels in the Area between 2013 and 2022. Since 2023 equalization has not yet occurred and property tax rates have not been set, 2023 EAV was not used.

Table 1 – EAV History, below, shows that between 2018 and 2023, the combined EAV for the area grew by 4.5%. EAV history from 2013 to 2018 shows similar trends for the parcel at 1717 N. Benton Avenue. In contrast the parcel at 1703 N. Benton Avenue declined in value by 84% since 2013, and the parcel at 420 E. Blaine Street grew in value by about 25%. However, the remaining two parcels at 1706 N. Jefferson Avenue and 1720 N. Jefferson were purchased in February of 2017 from Kitchen, Inc., a nonprofit, converting the properties from tax-exempt to taxable. As a result, EAV data prior to 2018 is $0 for these properties. As a result, this analysis focuses on changes in EAV for the area since 2018.

Table 1- EAV History

Pacific North Redevelopment

Tax Year	Assessed Value	Annual % Change
2018	$245,570	
2019	$272,110	11%
2020	$272,110	0%
2021	$256,730	-6%
2022	$256,730	0%
% Change 2018-2022		**4.5%**

Since there have been no visible improvements or significant City-issued building permits for these properties and given the property conditions shown in the photos in **Appendix B**, this change in value of 4.5% since 2018 is largely an inflationary adjustment. This also may be the result of an increase in the value of the land and not the improvements. Therefore, it is clear

that all the assessed value changes are the result of Assessor valuation models and not real investment. It should be noted that according to Assessor data, 2023 preliminary assessed value for the Area increases by 7.3% from 2022 values. It is not known what this increase is based on, but given that the condition of the properties would not seem to warrant any increase over 2022 values, it is likely also related to the reasons stated above.

In order to more accurately determine whether land and improvements are becoming an economic liability for the City and the taxing districts is to compare the rate of increase of EAV with inflation using the Consumer Price Index (CPI) and to compare the Area to the changes in EAV for the City over the same period.

Table 2 – CPI for All Urban Consumers (CPI-U) below shows the CPI trends from 2018-2022. By comparison to the CPI, the assessed valuation of the Area increased by 4.5% while the CPI went up by 15.7%. Therefore, the Area's growth is slower than inflation, indicating overall economic decline. **Table 3 - City of Springfield, Real Property Tax Assessed Value History** below shows that over the 2018-2022 period the City's assessed value increased by 12.8 %. This is an additional indicator that property values in the Area represent property that is a declining asset.

Table 2

Consumer Price Index All Urban Consumers (CPI-U)*

Year	CPI	Annual % Change
2018	251.107	
2019	255.657	1.8%
2020	258.811	1.2%
2021	270.970	4.7%
2022	292.655	8.0%
% Change 2018-2022		15.7%

* Not Seasonally Adjusted

Table 3

City of Springfield Real Property Tax Assessed Value History

Year	Assessed Value	Annual % Change
2018	$2,437,156,000	
2019	$2,454,547,000	0.7%
2020	$2,600,436,000	5.9%
2021	$2,635,436,000	1.3%
2022	$2,749,976,000	4.3%
% Change 2018-2022		12.8%

The Area presents an economic liability due to the inability for property values to keep pace with inflation or the property value growth of the City.

SECTION 3 – SUMMARY

The discussion of the preceding sections of this report and the photographic evidence presented in **Appendix B** provides evidence that the Area meets the "blighted area" requirements for designation as a Chapter 353 Area by indicating the existence of blighting factors within the Area.

Parcels in the Area show varying levels of deterioration of site improvements, including:

- Deterioration of building exteriors (walls, siding, windows, doors, painted surfaces, etc.).
- Deterioration of building interiors (walls, ceilings, flooring, wiring, plumbing, etc.).
- Deterioration of site improvements such as driveways and parking areas.

Additionally, the Area has unsafe and insanitary conditions, as well as conditions endangering life and property, as a result of building vacancy, evidence of trespassing and breaking and entering, and conditions attractive to vermin.

The Area's physical deterioration coupled with age and outmoded design for modern uses have hampered the Area's economic value and performance as a generator of tax revenue for affected taxing districts. The lack of significant new development has impacted the Area's ability to generate reasonable tax revenues for the taxing jurisdictions that rely on the Area for revenues to fund public services (e.g., fire, police, sanitary, sewer, education, etc.) for area residents. Also, the vacancies and unsafe conditions in the Area may result in additional burden and/or cost to public services. Ultimately, the area presents an economic liability due to the inability of property values to keep pace with inflation or the property value growth of the City.

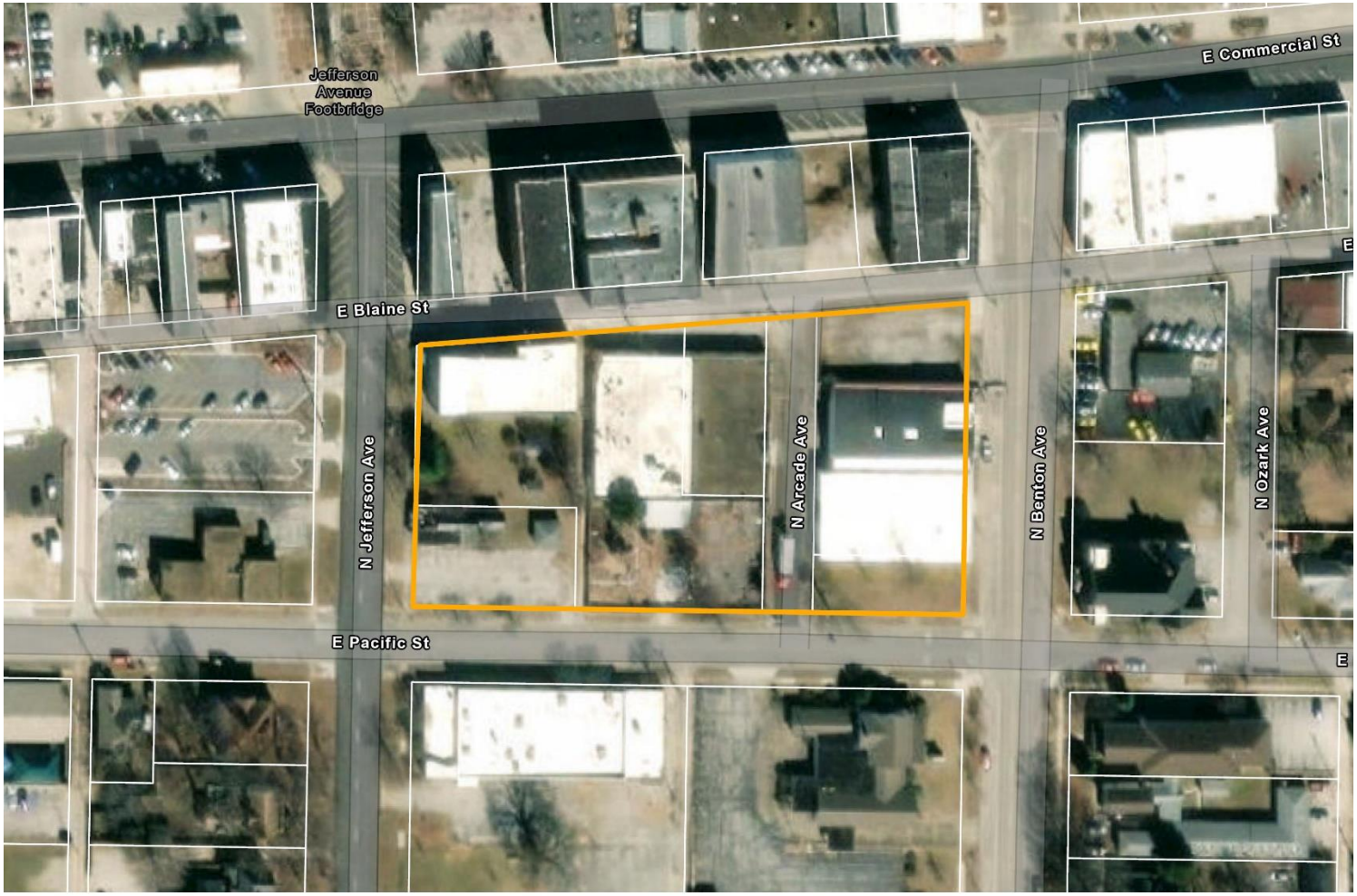
This report clearly demonstrates that the Area meets the Chapter 353 criteria for qualifying as a blighted area. However, as noted in the "Introduction" section of this report, Section 353.020, (1) of Chapter 353 does not require all buildings and improvements to be blighted if their inclusion in an area is required for effective clearance, replanning, reconstruction, or rehabilitation of the area. Therefore, this report supports the finding that the Area, on the whole, meets the requirements of a "blighted area," as is defined in Chapter 353 because of:

- Aging buildings and site improvements displaying physical deterioration,
- Unsafe and insanitary conditions and conditions endangering life and property,
- Lack of existing buildings with desirability for new uses, and
- Stagnating property values not keeping pace with other commercial areas of the City or the rate of inflation.

APPENDIX A

REDEVELOPMENT AREA BOUNDARY MAP
AND
PARCEL LIST

EXHIBIT 1 - REDEVELOPMENT PROJECT AREA MAP



Pacific North Redevelopment Area
Springfield, MO

0 100 200 Feet

N

PGAV PLANNERS LLC

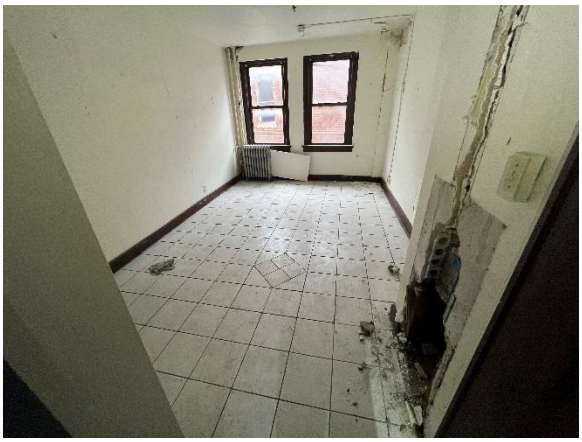
EXHIBIT 2 - PARCEL LIST AND CURRENT EAV

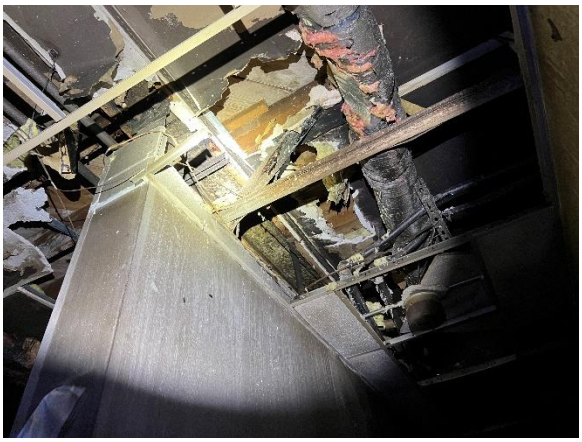
Parcel ID	Parcel Address	Owner	2022 EAV
881312324017	1703 N Benton Ave, Springfield, MO	Titus Williams LLC	$3,840
881312324022	1706 N Jefferson Ave, Springfield, MO	Historic Commercial Development LLC	$11,840
881312324018	1717 N Benton Ave, Springfield, MO	Historic Commercial Development LLC	$82,040
881312324026	1720 N Jefferson Ave, Springfield, MO	Historic Commercial Development LLC	$96,740
881312324019	420 E Blaine St.	Titus Williams LLC	$62,270

APPENDIX B

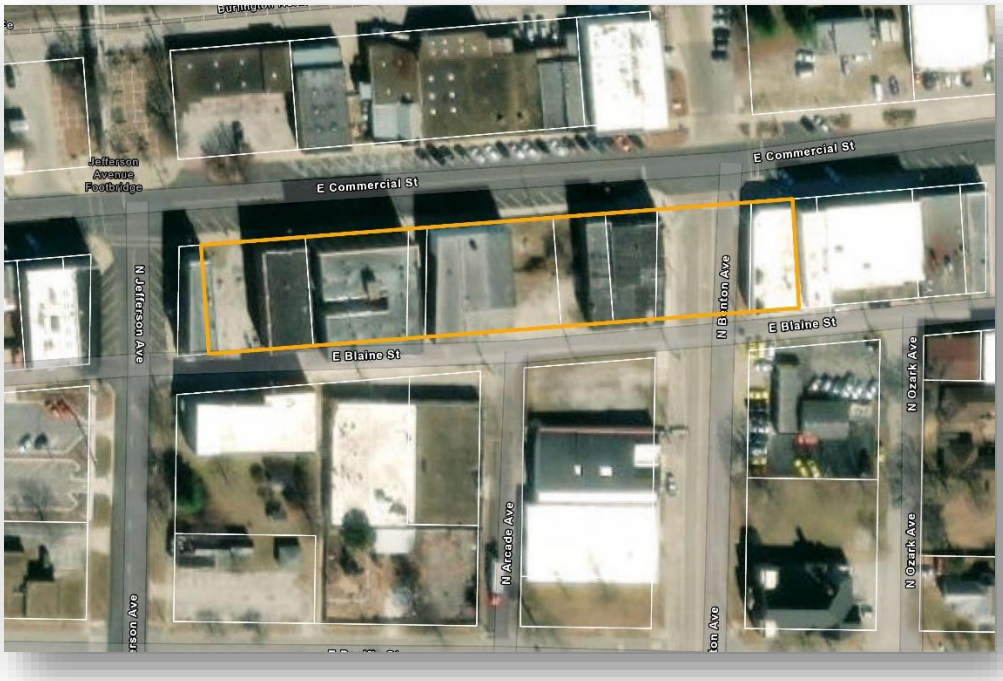
PHOTO APPENDIX

EXIT





Missouri Hotel Redevelopment Area
Chapter 353 Qualifications Study



CITY OF SPRINGFIELD, MISSOURI

June 14, 2023

PGAV PLANNERS

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SECTION 1 – INTRODUCTION

PURPOSE OF THIS REPORT

The City of Springfield, Missouri (the "City") is seeking to encourage the physical and economic revitalization of a property in the corporate limits of the City generally located within the Commercial Street Historic District hereinafter referred to as the "Area". The Area is depicted and described in **Appendix A – Redevelopment Area Boundary Map and Parcel List** on the next page and consists of six parcels. The parcel locations and the associated parcel identification number from the Green County Assessor records are as follows:

- 500 E. Commercial Street identified by parcel identification number 881312327024.
- 424 E. Commercial Street identified by parcel identification number 881312324024.
- 434 E. Commercial Street identified by parcel identification number 881312324002.
- 438 E. Commercial Street identified by parcel identification number 881312324001.
- 412 - 420 E. Commercial Street identified by parcel identification number 881312324005.
- 410 E. Commercial Street identified by parcel identification number 881312324023.

This report reflects current conditions based on data acquisition and field investigations in April 2023, and documents the conditions that were found to be present in the Area. Additionally, the analysis reflects the current definition of "blighted area" in The Urban Redevelopment Corporations Law, Chapter 353, RSMo. (hereinafter referred to as "Chapter 353"). In 2021, the definition of "blighted area" in Section 353.020(2) of Chapter 353 was amended to cross-reference the definition of "blighted area" in Section 99.805(1), RSMo., which provides:

> ***"Blighted area"****, an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use.*

A finding that an area is a "blighted area" as defined by Chapter 353 is required for the establishment of an "area" pursuant to Chapter 353. However, Chapter 353 also defines "Area" in a larger context. This recognizes that a Chapter 353 Area may include properties that are not blighted but are required to implement the overall redevelopment plan.
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Among other things, Chapter 353 allows cities to:

- Identify and designate areas for redevelopment that qualify as "blighted areas".
- Adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken.
- Approve a redevelopment project for implementation of such development plan.
- Utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a "blighted area" through the completion of a redevelopment project.

As set forth in Chapter 353, certain of the above-listed actions may be delegated by the City to an "urban redevelopment corporation", as defined in Chapter 353.

AREA DESCRIPTION AND BACKGROUND

Based on our review of City documents, the buildings within the Area which are the subject of this report do not appear to be historically designated but are located within the Commercial Street Historic District. These are historically significant structures that are in need of significant repair and rehabilitation. In addition, ongoing uses of such structures often need adaptive reuse because they are no longer useful or suitable for their original intended purposes. Redeveloping historic or architecturally significant buildings is far more costly and usually more so if they are to be put to another use. Often the cost of revitalization of such structures exceeds the value of land and buildings in their present condition even if the building(s) is sound overall.

The Area benefits from a location within a Tax Increment Financing (TIF) district and Community Improvement District (CID) and the associated financial incentive assistance vehicles that have been put in place. Chapter 353 designation can provide an additional financial resources, providing up to 25 years of real estate tax abatement to assist projects that now need financial assistance in order to cover extraordinary costs associated with revitalization and redevelopment.

SECTION 2 – BASIS FOR DESIGNATION AS A BLIGHTED AREA

This report is based upon on-site investigation of the Area conducted by PGAV Planners, LLC ("PGAV") in April 2023. City staff also provided information used in this analysis along with information from the property owners. PGAV relied upon its experience, knowledge of the Springfield real estate market, and professional expertise in the preparation of the analysis. Photographs illustrating representative blighting conditions taken during the site visit are displayed in **Appendix B**. Characteristics of the blighting conditions are discussed in this section of the report. However, this report will not reflect changes in conditions or events that have occurred after the most recent field investigation of the Area or publication of this report.

PHYSICAL DETERIORATION

In general, deterioration refers to the physical and economic deterioration of the improvements of the Area both in terms of buildings and other above-ground structures, below-grade supporting structures such as water, sewer, and electric utilities, and surface site improvements such as parking areas, access and circulation roadways and drives, and lighting fixtures, signage, etc.

Deterioration may be evident in otherwise sound buildings containing minor defects, such as a lack of painting, loose, missing, or deteriorating roofing materials, deteriorating floor or ceiling plates or holes and cracks over limited areas. Deterioration that is not easily curable during normal maintenance includes defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, siding, and fascia materials, driveways, parking areas, garages, etc.

Deterioration of site improvements is a function of many factors that are typically the result of deferred maintenance that occurs over time. If ongoing maintenance is not carried out, the conditions become much more extensive and expensive to fix. Physical deterioration is accelerated over time by other contributing factors all of which are present within the Area.

Based on field review, the parcels comprising the Area have buildings and site improvements or both that exhibit signs of physical deterioration. These range in severity but include interior water damage, exposed wiring, damaged fascia and soffits, peeling paint, broken or damaged windows and doors, cracking and/or pot-holed parking lots, and the presence of trash and debris.

As detailed in the photographs in **Appendix B**, during field investigations, PGAV observed instances of physical deterioration of site improvements such as buildings, accessory structures, lighting, infrastructure, and paved surfaces (e.g., roadways and parking areas) in the Area:

- The age of the structures virtually assures the presence of lead-based paint. Depending on interior improvements that have been made over the years, asbestos may be present in some of the building materials. Without further inspection it isn't known if these materials are exposed or have been encapsulated by repainting over the years. The likely presence of this paint may increase the cost of building rehabilitation and reuse.

- Again, the age of the structures and property inspections indicates that asbestos may be present in the mastic used for some floor coverings and windows frames that may have asbestos sealants around the glass and frames and the doors. Like lead-based paint, the asbestos may be encapsulated. However, this may also become a cost issue when rehabilitation is undertaken.

- Changes to electrical, plumbing, heating and air conditioning likely occurred over time and most likely do not meet current building code standards and modern equipment needs. Additionally, during the site visit exposed wiring was identified in multiple places. Exposed piping in ceilings and walls showed signs of damage, and leakage with mold developing in some locations. Indoor and outdoor electrical boxes and wiring showed signs of tampering and damage in some buildings.

- Interior ceilings and walls show evidence of water damage, missing ceiling tiles, peeling paint, and other deterioration. In some instances, entire portions of ceilings and walls were stripped, with the building materials laying in piles in the room. Interior flooring showed deterioration including from water damage and broken or missing flooring materials.

- Building exteriors showed signs of significant deterioration, including cracked and crumbling exterior walls, peeling paint, and missing siding. In some instances, exterior improvements such as stairs, railings, eaves, window, and door frames are deteriorated and require repair or replacement.

- Wood building elements, both indoor and outdoor, showed signs of rotting.

- Several windows and doors were broken, unsealed, or otherwise deteriorated. The were various locations that represent prime entry points for vermin, as well as access points for individuals trespassing.

- Overgrown vegetation is present on and around some buildings.

- Paved surfaces on private property exhibit evidence of widespread cracking or potholes that need resealing, repair, or replacement.

- In one building, an indoor air handling unit was found to be leaking oil or some other material onto the floor.

In general, the age and condition of the buildings in the Area impedes its redevelopment and advances physical deterioration, particularly when the structures have little attractiveness for uses other than their current ones. Building codes and safety and environmental regulations have also significantly changed over the past decades, which could mean aspects of these buildings are nonconforming to the City's current building codes. Other factors such as energy efficiency (older lighting systems, heating, and cooling units, and building insulation) resulting from their age contribute to their declining usability and increases redevelopment costs.

INSANITARY OR UNSAFE CONDITIONS

During field investigations, there were no observations of vermin but in some instances, there were indications of their activity; therefore, review of the various properties indicated that their presence is likely. Openings in various deteriorating building materials on buildings provide ideal access locations for birds, squirrels, mice, rats, and bats. Various types of debris, discarded materials, and overgrowth are scattered around the Area and within isolated locations on the exterior of some buildings. These factors represent unsanitary and unsafe conditions.

The broken windows in several of the buildings are allowing water infiltration and thus promoting interior damage and mold. In other instances, interior building materials have been torn out, vandalized, or otherwise damaged leaving behind spaces that are dangerous to physically navigate because of the extent of the debris.

CONDITIONS ENDANGERING LIFE OR PROPERTY

Buildings within the Area are vacant and insufficiently secured. During the site visit, buildings had damage to windows and doors, and there were signs of possible trespassing and illegal entry to these properties. A number of the buildings had significant damage to walls and ceilings exposing missing electrical and plumbing pieces, likely the result of theft. The abandoned nature of these buildings is also conducive to crime and a fire hazard.

ECONOMIC LIABILITY

The Area, by reason of physical deterioration has become an economic liability. PGAV conducted an analysis of the equalized assessed valuation (EAV) of all the parcels in the Area between 2013 and 2022. Since 2023 equalization has not yet occurred and property tax rates have not been set, 2023 EAV was not used.

Table 1 – EAV History, below, shows that between 2018 and 2023, the combined EAV for the area grew by 17.8%. However, the entirety of that growth occurred between 2018 and 2019. Three of the parcels in the area went from tax-exempt to taxable between 2017 and 2018, following their purchase from Kitchen, Inc., a nonprofit. Since this purchase occurred in February 2017, 2018 taxes would represent an incomplete year, likely accounting for the increase in value in 2019 following the first complete taxable year. While this analysis focuses on change in EAV for the Area since 2018 which amounts to 17.8%, it is important to note that

for the last three years, the Area's EAV has not changed. It should also be noted that according to Assessor data, 2023 preliminary assessed value for the Area decreases by 7.6% from 2022 values. It is not known what this decrease is based on, but given the condition of the properties, it is likely due to their continued decline in condition.

Table 1- EAV History

Missouri Hotel Redevelopment

Tax Year	Assessed Value	Annual % Change
2018	$221,040	
2019	$259,810	18%
2020	$259,810	0%
2021	$260,330	0%
2022	$260,330	0%
% Change 2018-2022		**17.8%**

Since there have been no visible improvements or significant City-issued building permits for these properties and given the property conditions shown in the photos in **Appendix B**, this change in value of 17.8% since 2018 is largely a combination of an incomplete tax year in 2018 and inflationary adjustment. This also may be the result of an increase in the value of the land and not the improvements. Therefore, it is clear that all the assessed value changes are the result of Assessor valuation models and not real investment.

In order to more accurately determine whether land and improvements are becoming an economic liability for the City and the taxing districts is to compare the rate of increase of EAV with inflation using the Consumer Price Index (CPI) and to compare the Area to the changes in EAV for the City over the same period.

Table 2 – CPI for All Urban Consumers (CPI-U) below shows the CPI trends from 2018-2022. By comparison to the CPI, the assessed valuation of the Area increased by 17.8% while the CPI went up by 15.7%. Therefore, the Area's growth is higher than inflation. **Table 3 - City of Springfield, Real Property Tax Assessed Value History** below shows that over the 2018-2022 period the City's assessed value increased by 12.8%.

Table 2

Consumer Price Index All Urban Consumers (CPI-U)*

Year	CPI	Annual % Change
2018	251.107	
2019	255.657	1.8%
2020	258.811	1.2%
2021	270.970	4.7%
2022	292.655	8.0%
% Change 2018-2022		15.7%

* Not Seasonally Adjusted

Table 3

City of Springfield Real Property Tax Assessed Value History

Year	Assessed Value	Annual % Change
2018	$2,437,156,000	
2019	$2,454,547,000	0.7%
2020	$2,600,436,000	5.9%
2021	$2,635,436,000	1.3%
2022	$2,749,976,000	4.3%
% Change 2018-2022		12.8%

Despite the fact that the average annual change in EAV since 2018 is higher than that of inflation and the City's growth rate, the following factors indicate that the area is experiencing overall economic stagnation and decline:

1. The entirety of the Area's EAV growth occurred between 2018 and 2019.
2. No further economic growth has occurred between 2019 and 2022.
3. Preliminary assessments for 2023 show 7.6% decline in EAV in the Area.
4. There have been no visible improvements or significant City-issued building permits for these properties.

Consequently, these properties will continue to be an economic liability for the City until their physical deterioration is addressed.

SECTION 3 – SUMMARY

The discussion of the preceding sections of this report and the photographic evidence presented in **Appendix B** provides evidence that the Area meets the "blighted area" requirements for designation as a Chapter 353 Area by indicating the existence of blighting factors within the Area.

Parcels in the Area show varying levels of deterioration of site improvements, including:

- Deterioration of building exteriors (walls, siding, windows, doors, painted surfaces, etc.).
- Deterioration of building interiors (walls, ceilings, flooring, wiring, plumbing, etc.).
- Deterioration of site improvements such as driveways and parking areas.

Additionally, the Area has unsafe and insanitary conditions, as well as conditions endangering life and property, as a result of building vacancy, evidence of trespassing and breaking and entering, and conditions attractive to vermin.

The Area's physical deterioration coupled with age and outmoded design for modern uses have hampered the Area's economic value and performance as a generator of tax revenue for affected taxing districts. The lack of significant new development has impacted the Area's ability to generate reasonable tax revenues for the taxing jurisdictions that rely on the Area for revenues to fund public services (e.g., fire, police, sanitary, sewer, education, etc.) for area residents. Also, the vacancies and unsafe conditions in the Area may result in additional burden and/or cost to public services. Ultimately, the area presents an economic liability due to the stagnating property values which will likely not improve without significant rehabilitation or redevelopment of these properties.

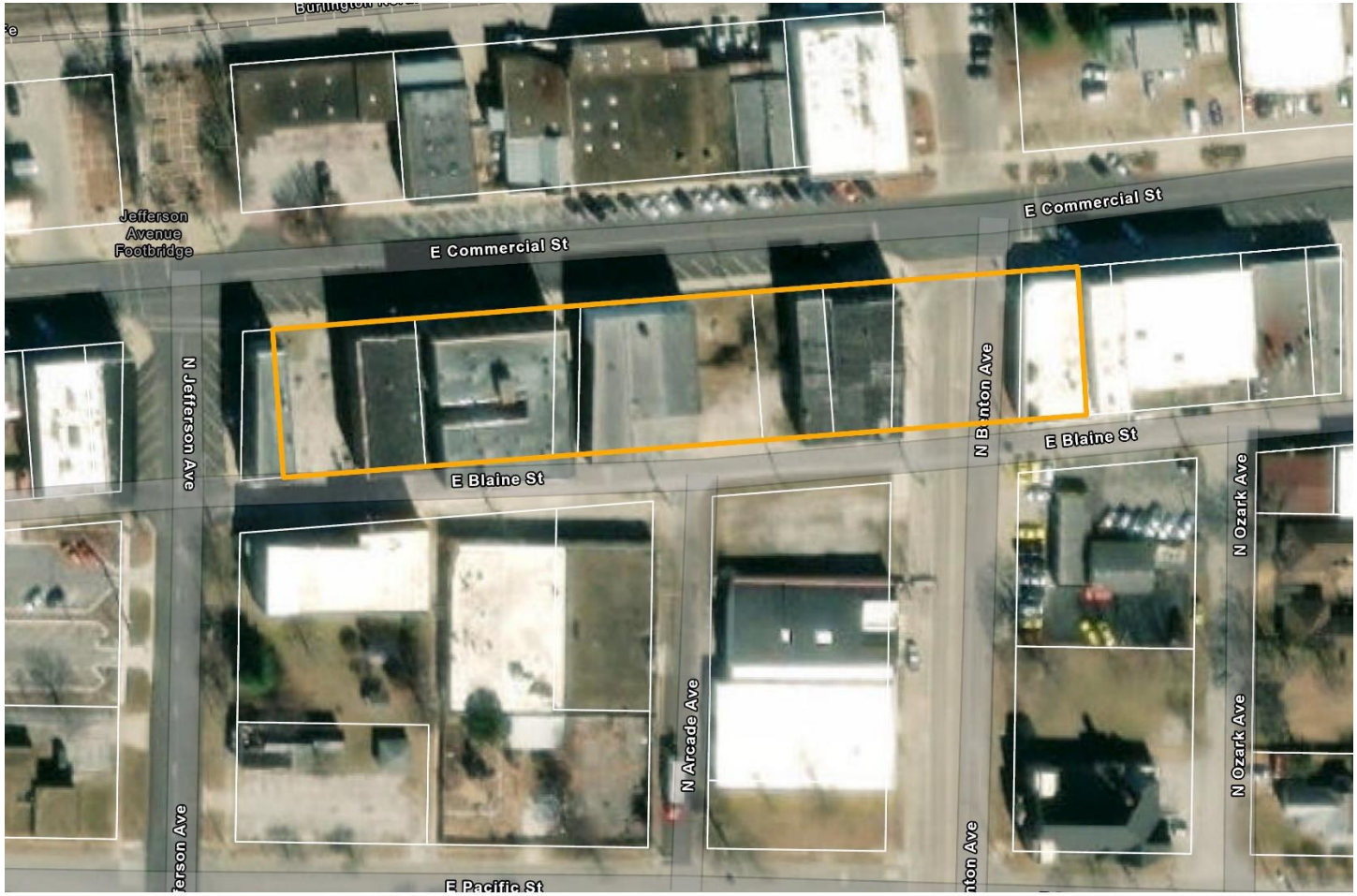
This report clearly demonstrates that the Area meets the Chapter 353 criteria for qualifying as a blighted area. However, as noted in the "Introduction" section of this report, Section 353.020, (1) of Chapter 353 does not require all buildings and improvements to be blighted if their inclusion in an area is required for effective clearance, replanning, reconstruction, or rehabilitation of the area. Therefore, this report supports the finding that the Area, on the whole, meets the requirements of a "blighted area," as is defined in Chapter 353 because of:

- Aging buildings and site improvements displaying physical deterioration,
- Unsafe and insanitary conditions and conditions endangering life and property,
- Lack of existing buildings with desirability for new uses, and
- Stagnating property values not keeping pace with other commercial areas of the City or the rate of inflation.

APPENDIX A

REDEVELOPMENT AREA BOUNDARY MAP
AND
PARCEL LIST

EXHIBIT 1 - REDEVELOPMENT PROJECT AREA MAP



Missouri Hotel Redevelopment Area
Springfield, MO

0 100 200 Feet

N

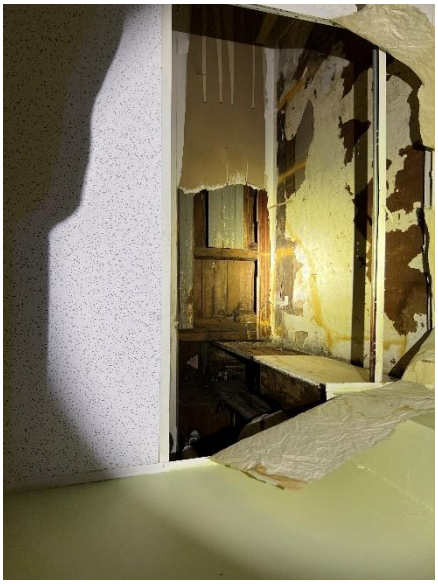
PGAV PLANNERS LLC

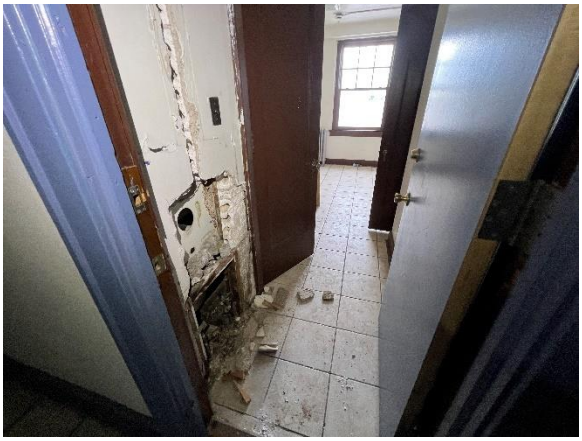
EXHIBIT 2 - PARCEL LIST AND CURRENT EAV

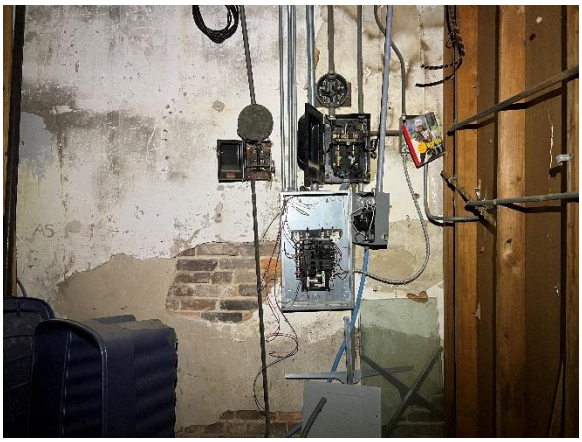
Parcel ID	Parcel Address	Owner	2022 EAV
881312327024	500 E Commercial St., Springfield, MO	Historic Commercial Developments LLC	$30,850
881312324024	424 E Commercial St., Springfield, MO	Historic Commercial Development LLC	$41,510
881312324002	434 E Commercial St., Springfield, MO	Historic Commercial Development LLC	$18,720
881312324001	438 E Commercial St, Springfield, MO	Historic Commercial Development LLC	$46,940
881312324005	412 - 420 E Commercial St., Springfield, MO	Historic Commercial Development LLC	$79,780
881312324023	410 E Commercial St., Springfield, MO	Historic Commercial Development LLC	$42,530

APPENDIX B

PHOTO APPENDIX







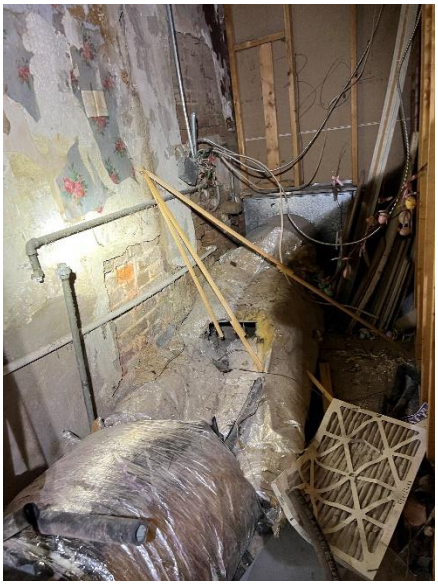


Exhibit 2

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

Title of Document:	353 Redevelopment Agreement
Date of Document:	_____, 2024
Grantor:	City of Springfield, a municipal corporation
Grantee:	Commercial-Pacific Street Redevelopment Corporation 1660 N Campbell Ave Springfield, MO 65803
Legal Description:	See Exhibit A attached hereto.
Please return recorded document to:	City of Springfield Economic Vitality Department P.O. Box 8368 840 N. Boonville Ave. Springfield, MO 65801

This cover page is attached solely for the purpose of complying with the requirements stated in §§ 59.310.2; 59.313.2 RSMo. of the Missouri Recording Act. The information provided on this cover page shall not be construed as either modifying or supplementing the substantive provisions of the attached 353 Redevelopment Agreement. In the event of a conflict between the provisions of the attached 353 Redevelopment Agreement and the provisions of this cover page, the attached 353 Redevelopment Agreement shall prevail and control.

353 REDEVELOPMENT AGREEMENT

BETWEEN

COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION

AND

CITY OF SPRINGFIELD, MISSOURI

FOR THE PACIFIC SOUTH REDEVELOPMENT PROJECT INSIDE THE COMMERCIAL-PACIFIC STREET REDEVELOPMENT AREA

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EXHIBITS

EXHIBIT A – Legal Description of Redevelopment Project Area

EXHIBIT B – Development Plan

353 REDEVELOPMENT AGREEMENT

THIS 353 REDEVELOPMENT AGREEMENT (this "***Agreement***"), is being entered into this ___ day of _____, 2024, by and between the CITY OF SPRINGFIELD, MISSOURI, a municipal corporation (the "***City***"), and COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION ("***Developer***"), a corporation duly organized and existing pursuant to Section 353.010 *et seq*., RSMo. ("***The Urban Redevelopment Corporations Law***"), with a mailing address of 1600 North Campbell Avenue, Springfield, Missouri 65803.

W I T N E S S E T H:

WHEREAS, on or about January 26, 2024, Developer filed with the City Clerk of Springfield, Missouri a redevelopment plan (the "***Development Plan***") providing for the construction of the Redevelopment Project (as defined in Section 3 hereof), in the City of Springfield, Greene County, Missouri, on the land described in the Development Plan (the "***Redevelopment Project Area***" as defined in Section 2 hereof), together with an application for approval of the Development Plan (the "***Application***"); and

WHEREAS, on _____, 2024, the City Council of Springfield, Missouri passed Special Ordinance _____ (the "***Ordinance***"), which approved the Application and Development Plan and authorized and directed the City Manager to enter into an agreement with Developer for the implementation of the Development Plan.

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants herein contained, the City and Developer agree as follows:

1. Items Incorporated in this Agreement. The provisions of the Ordinance; the provisions of the Development Plan, which is attached hereto as Exhibit B, and a copy of which is on file at the office of the City Clerk; and the provisions of Chapter 353, RSMo., as amended as of and including the date of this Agreement, are hereby incorporated herein by reference and made a part of this Agreement.

2. Legal Descriptions. The Redevelopment Project Area is legally described in Exhibit A, which is attached hereto and incorporated herein by reference.

3. Development Improvements. In accordance with the terms and conditions of the Development Plan and this Agreement, Developer shall rehabilitate, construct or cause to be constructed within the Redevelopment Project Area, those certain improvements pursuant to the Ordinance and the Development Plan. The Redevelopment Project Area is generally located at 1630 North Jefferson Avenue and 1635 North Benton Avenue. The Development Plan proposes construction of the Pacific South Redevelopment Project, a 72-unit, townhouse style, multi-family residential development pursuant to Planned Development 386, as approved by the Springfield City Council by General Ordinance 6800 (the "***Redevelopment Project***").

4. Time Schedule. Blight removal and construction of the Redevelopment Project shall commence and be completed no later than the dates set below:

   a. Property Acquisition: _____, a Missouri limited liability company that is registered to transact business in the State of Missouri (the "***Company***"), will own the real property and improvements located in the Redevelopment Project Area. Developer will acquire such property and improvements from the Company on or before December 31, 2025.

   b. Blight Removal and Redevelopment: Blight will be removed, and the Redevelopment Project Area will be redeveloped and used in accordance with the approved Development Plan. All blight removal and redevelopment activities shall be complete for the Redevelopment Project Area on or before December 31, 2025, subject to Section 16, below.

   Subject to the provisions of Section 16 of this Agreement, Excusable Delays, if Developer fails to adhere to and satisfy the above schedule for blight removal and redevelopment, and if such failure continues for a period of two (2) years, then Developer's rights hereunder shall terminate without further action by the City.

5. Demolition of Buildings. The buildings located inside the Redevelopment Project Area will be demolished to facilitate construction of the Redevelopment Project.

6. Relocation Plan. There are no residents or businesses within the Redevelopment Project Area that are being relocated, so no relocation benefits are being provided.

7. Control of Project. Developer shall have complete and exclusive control over the renovation of the Redevelopment Project which it owns or controls insofar as the City is concerned, subject, however, to all applicable laws, rules and regulations, including, but not limited to, all ordinances, rules and regulations of the City, such as zoning ordinances, building codes, and property maintenance codes. Developer hereby grants to the City, its agents, and employees the right to enter upon all improvements under the control of Developer and located in the Redevelopment Project Area, for the purpose of inspecting the Redevelopment Project during regular business hours with at least 24 hours prior notice, except in case of an emergency. Developer shall have complete and exclusive control over the construction, management, disposition and leasing of property which it owns within the Redevelopment Project Area. Developer's control over leasing includes, without limitation, the determination of rent rates and the selection or rejection of potential tenants. Notwithstanding the foregoing, the overall design of the Redevelopment Project, including but not limited to, architectural style, theme, building placement, building materials, site amenities and landscaping shall be subject to the reasonable approval of the Department of Building Development Services and the Department of Planning and Development in accordance with

any City code requirements, as evidenced in writing by a letter signed by the Directors of said Departments.

8. Tax Abatement.

a. First Ten Years - Land Only; Payments in Lieu of Taxes. The real property in the Redevelopment Project Area shall not be subject to assessment or payment of general ad valorem taxes imposed by the City, the State of Missouri, or any political subdivision thereof, for a period of ten (10) years after the date that Developer becomes the owner of such real property (the "***Ten-Year Term***") except to such extent and in such amount as may be imposed upon such real property during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the Assessor of Greene County, Missouri (the "***Assessor***"), for taxes due and payable thereon during the calendar year preceding the calendar year during which the Developer acquired the real property and improvements located within the Redevelopment Project Area (the "***Unabated Taxes***"). The amounts of such general ad valorem tax assessments shall not be increased during said Ten-Year Term so long as the real property is used in accordance with the Development Plan. If any portion of such real property was tax exempt, or if the Assessor has not previously assessed such real property immediately prior to its acquisition by Developer, then the Assessor, upon acquisition of such property by the Developer and upon request of the City, shall promptly assess such real property, exclusive of improvements, in accordance with the provisions of Section 353.110.2, RSMo. The amount of such assessed valuation so fixed by the Assessor or in the manner as provided by law shall not be increased during the Ten-Year Term, so long as said real property is used in accordance with the Development Plan. Developer shall notify the City, in writing, of any tax exempt real property which it acquires in connection with the Redevelopment Project.

Notwithstanding the tax abatement provided for in Section 353.110, RSMo., so long as the Redevelopment Project Area receives the benefit of the tax abatement set forth in this Section, during the Ten-Year Term, the Developer, the Company, or any successor owner, shall pay or cause to be paid annually payments in lieu of taxes ("***PILOTs***") in an amount equal to a) the amount of ad valorem taxes that were due during the calendar year preceding the calendar year during which the Developer acquired the real property and improvements located within the Redevelopment Project Area, less the Unabated Taxes. The Developer shall make such PILOTs to the Greene County Collector of Revenue (the "***Collector***") by December 31st of each calendar year. Pursuant to Section 353.110, RSMo, the Collector shall allocate all revenues received from such PILOTs among all taxing authorities whose property tax revenues are affected by the abatement on

the same pro rata basis and in the same manner as the ad valorem property tax revenues received by each taxing authority from such real property in the Redevelopment Project Area in the year such payments are due.

b. Subsequent Fifteen Years. After the Ten-Year Term above-described, and for the next ensuing period of fifteen (15) years, ad valorem taxes upon the real property in the Redevelopment Project Area shall be measured by the assessed valuation thereof as determined by the Assessor, upon the basis of not to exceed fifty percent (50%) of the true value of such real property, including any improvements thereon. Such valuation shall not be increased above fifty percent (50%) of the true value of such real property from year to year during said period of fifteen (15) years, so long as the real property in the Redevelopment Project Area is used in accordance with the Development Plan.

c. Full Assessment - Election to Opt Out After Completion. After the twenty-five (25) year period provided in Sections 8.a and 8.b above, the real property in the Redevelopment Project Area shall be subject to assessments by the Assessor and to payment of all ad valorem taxes, including, but not limited to, City, State, and County taxes, based on the full true value of the real property and the standard assessment ratio then in use for similar property by the Assessor. Furthermore, after the twenty-five (25) year period provided in Sections 8.a and 8.b above, the real property in said Redevelopment Project Area shall be owned and operated by Developer free from the conditions, restrictions, and provisions of The Urban Redevelopment Corporations Law, any rules or regulations adopted pursuant thereto, the Ordinance, the Development Plan, and this Agreement.

Pursuant to section 353.110.2, RSMo, if at any time after the completion of the Redevelopment Project and prior to the expiration of the twenty-five (25) year period addressed in Sections 8.a and 8.b above, the Developer elects to pay the sum equivalent to the amount of the general ad valorem taxes, not including interest and penalties, which would have been levied on the full value of such property from the date of the completion of the Redevelopment Project, then from the date of this election such real property shall be owned and operated by Developer free from the conditions, restrictions, and provisions of The Urban Redevelopment Corporations Law, any rules or regulations adopted pursuant thereto, the Ordinance, the Development Plan, and this Agreement.

d. Abatement Contingent on Compliance With Development Plan - Special Assessments. The tax relief provided in this Section 8 for any real property within the Redevelopment Project Area shall be contingent upon the real property's material compliance with the Development Plan and this

Agreement, and shall apply to general ad valorem taxes only and shall not be deemed or construed to exempt Developer or its successors in interest, in whole or in part, from special assessments, or from fees, service charges, or other taxes which may be made by the City or other governmental unit.

9. Effect of Sale on Tax Relief. Any portion of the real property in the Redevelopment Project Area that is sold or otherwise disposed of shall be entitled to the tax relief provided under Section 8 of this Agreement, provided that it shall be developed and held in accordance with the provisions of the Development Plan applicable thereto and complies with all provisions of Chapter 353, RSMo.

10. Earnings Limitation.

a. Net Earnings not to Exceed Eight Percent. The net earnings of Developer from the Redevelopment Project, during the period of the tax relief provided for in Section 8 of this Agreement, shall be limited to an amount not to exceed eight percent (8%) per annum of the cost to Developer of the Redevelopment Project, including the cost of the land or the balance of such total cost of the Redevelopment Project as reduced by amortization payments, provided that the net earnings derived from the Redevelopment Project shall in no event exceed a sum equal to eight percent (8%) per annum upon the entire cost thereof. Such net earnings shall be computed after deducting from gross earnings the following:

i. all reasonable costs and expenses of maintenance and operation;

ii. amounts paid for taxes, assessments, insurance premiums and other similar charges; and

iii. an annual amount sufficient to amortize the cost of the entire Redevelopment Project at the end of the period, which shall be no more than sixty (60) years from the date of completion of the Redevelopment Project.

b. Cost of Redevelopment Project. The "***cost of the Redevelopment Project***," as said term is used in this Agreement, means those costs attributable to planning, developing, constructing, and equipping the improvements in the Redevelopment Project, including, without limitation, planning costs, costs of feasibility work, construction costs, architect and engineering fees, contractor fees and overhead, interest, insurance and taxes during construction, developer fees, off-site and on-site land improvements, surveys, soil testing, costs necessary to make the real property in the Redevelopment Project Area environmentally safe, land and land acquisition costs, demolition costs and expenses, utility relocation costs and street improvements, site preparation, and all other land costs, attorney fees, and loan costs and expenses.

c. Allowable Uses of Surplus Earnings - Accounting to City Therefore. Surplus earnings of Developer derived from the Redevelopment Project, in excess of those provided for in subsection a of this Section 10, at the option of Developer may be used as follows:

i. held by Developer as a reserve for maintenance of such rate of return in the future and may be used by Developer to offset any deficiency in such rate of return which may have occurred in prior years;

ii. to accelerate the amortization payments;

iii. for enlargement of the Redevelopment Project; or

iv. for a reduction in rentals therein.

At the termination of the twenty-five (25) year tax relief provided for in Section 8 of this Agreement, Developer shall make a strict accounting of surplus earnings not previously used for one or more of the purposes herein set forth. If requested by the City, in writing, after review of the accounting made by Developer, Developer shall, at its own expense, have an audit made of its books by a firm of independent certified public accountants reasonably acceptable to the City, and the findings of such audit shall be made available to the City Manager. If it is determined by such audit that there are surplus earnings not previously used for one or more of the purposes set forth in this Agreement, then such earnings shall be paid to the City.

d. Certain Purchasers Subject to Earnings Limitations. If all or any portion of the real property located in the Redevelopment Project Area during the period of tax relief provided in Section 8 of this Agreement is purchased by an urban redevelopment corporation or a life insurance company operating as an urban redevelopment corporation, the earnings derived from the Redevelopment Project shall be limited in the manner and to the extent set forth in subsection a of this Section 10. If all or any portion of the real property located in the Redevelopment Project Area during the period of tax relief provided in Section 8 of this Agreement is purchased by purchaser that is not an urban redevelopment corporation or life insurance company operating as an urban redevelopment corporation then the provisions set forth in subsection a, b, and c of this Section 10 shall not apply.

11. Indebtedness Limitation. As per Section 353.030(10), RSMo, Developer shall not issue income debentures paying an interest rate in excess of nine percent (9%), provided however, that this limitation shall not apply to other debt of Developer as per the provisions of Section 353.030(10), RSMo. Developer shall not pay any interest on its income debentures, or dividends on its stock, regardless of class or

preference, during any dividend year, unless there shall exist at the time of such payment no default under any amortization requirements with respect to its indebtedness, nor unless all accrued interest, taxes, and other public charges shall have been duly paid or reserves set up for the payment thereof, and adequate reserves provided for depreciation, obsolescence, and other proper reserves.

12. Accounting Practices. Developer shall establish and maintain depreciation, obsolescence and other reserves and surplus and other accounts, including a reserve for the payment of taxes, in Developer's reasonable discretion, according to recognized standard accounting practices.

13. Sale or Disposition of Project Property.

    a. Continuation of Abatement. In the event of the sale or other disposition of any or all of the real property of Developer in the Redevelopment Project Area by reason of the foreclosure of any mortgage or other lien, through insolvency or bankruptcy proceedings, by order of any court of competent jurisdiction, or by voluntary transfer or otherwise, the tax relief provided in Section 8 of this Agreement and under the provisions of The Urban Redevelopment Corporations Law shall inure, with respect to the real property so sold or otherwise disposed of, to any purchaser or transferee of such real property so long as such purchaser or transferee shall continue to use, operate, and maintain such real property in accordance with the provisions of the Development Plan and this Agreement, including compliance with all provisions of this Agreement. However, if such real property shall be used for a purpose different than that described in the Development Plan and this Agreement, or if the purchaser does not desire the property to continue under the Development Plan, the real property shall be assessed for ad valorem taxes based upon the full true value of such real property and may be owned and operated free from any of the conditions, restrictions, or provisions of The Urban Redevelopment Corporations Law, any rules or regulations adopted pursuant thereto, the Ordinance, the Development Plan, and this Agreement.

    b. Obligation to Clear Blight - Covenant Running with Land. Developer, with respect to the property acquired by it, shall be required to clear the blight or to rehabilitate to eliminate the physical blight existing in the Redevelopment Project Area, or to make adequate provisions satisfactory to the City for the clearance of such blight. This obligation shall be a covenant running with the land and shall not be affected by any such sale or disposition. Any purchaser of property in the blighted area by deed from Developer or any of Developer's successors in title, who wishes to receive the development rights and tax abatement granted by this Agreement, shall acquire title subject to this obligation insofar as it pertains to the land so acquired.

14. Assignment of Development Plan. This Agreement shall be binding upon and shall inure to the benefit of Developer and its successors and assigns, and the term "***Developer***" as used herein shall be deemed to include such successors and assigns (including any subsequent purchasers or transferees of any portion or all of the real property located within the Redevelopment Project Area); provided, however, that no assignment of the Development Plan shall be effective nor discharge Developer of its obligations hereunder unless and until it has been approved by the City Council ("***Council***") by ordinance, which approval shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, any assignment to an affiliate of the Developer under the same ownership and control (an "***Affiliate Transfer***") shall not require prior Council approval. Council approval is not required for the sale of all or any portion of the real property located in the Redevelopment Project Area. Developer shall notify the City Manager in writing of any assignment of any or all of the Development Plan at least ten (10) days after said assignment. Said notice shall specify the name and address of the assignee. The assignee, within six (6) months after the date of assignment, shall notify the City Manager in writing of the assignee's election to continue under the Development Plan. No such assignment shall release Developer of its rights and obligations hereunder without approval of the Council.

15. Breach - Failure to Comply. If Developer does not materially comply with the provisions of this Agreement, including the provisions of the Development Plan not inconsistent with this Agreement, within the time limits and in the manner for the completion of the Redevelopment Project as stated herein, except for reasonable delays caused by unforeseen circumstances beyond its control, and subject to all notice, grace, and cure periods and provisions, or shall do, permit to be done, or fail or omit to do anything contrary to or required of it by this Agreement, The Urban Redevelopment Corporations Law, or shall be about to so do, permit to be done, or fail or omit to have done, then upon certification of such fact to the Council by the City Manager, the Council may authorize the City Attorney to commence a proceeding in the Circuit Court in the name of the City to have such action, failure, omission, or threatened action or omission stopped, prevented, or rectified by injunction or otherwise, or in the name of the City may bring an action for damages against Developer for breach of any of the provisions of the Development Plan or of this Agreement.

16. Excusable Delays. Notwithstanding any provisions of this Agreement or the Development Plan to the contrary, performance by Developer shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, labor disputes, governmental restrictions or priorities, embargoes, litigation, tornadoes, unusually severe weather, pandemics, formally declared emergencies, inability to obtain or secure necessary labor, materials, or tools, delays of any contractor, subcontractor, materialman or supplier, acts or failure to act of the City or of any other governmental agency or entity, or any other causes beyond the control or without the fault of Developer. With the approval of the City, the time of

performance hereunder shall be extended for the period of any delay or delays caused or resulting from any of the foregoing causes. All extensions hereunder shall be effective only if approved by the Council by ordinance, which approval shall not be arbitrarily or unreasonably withheld, conditioned, or delayed, it being understood that Developer is entitled to such extensions upon presentation of documentation of the periods of such delays. Developer shall not excessively delay filing an application for extension of time, but Developer shall not be prejudiced by failing inadvertently to make timely application therefor.

17. Default. In the event Developer materially defaults in the performance of any of its obligations pursuant to the terms of the Development Plan or this Agreement, the City may, after giving Developer thirty (30) days written notice and a reasonable opportunity to cure such material default, including any additional time as is reasonably necessary if the default is of such a nature it cannot be cured within thirty (30) days after receiving notice and the Developer is diligently working to cure such default, terminate this Agreement, including the Development Plan, and all rights granted pursuant thereto. Said termination shall include the rights, if any, to continuing tax abatement as provided in Section 8 of this Agreement. Upon such termination, the City Attorney shall commence such proceedings in the appropriate court to terminate the tax abatement.

18. Notice. Any notice required by this Agreement is deemed to be given if it is mailed by United States certified mail, postage prepaid, and addressed as hereinafter specified:

To the City:

Springfield City Manager
840 Boonville Avenue
Springfield, MO 65802

With a copy to:

Springfield City Attorney
840 Boonville Avenue
Springfield, MO 65802

To the Developer:

Commercial-Pacific Street
Redevelopment Corporation
1324 West Warren Avenue
Ozark, MO 65721

With a copy to:

Spencer Fane, LLP
2144 E. Republic Rd, Ste B300
Springfield, MO 65804

Attn: Shelby Wood

Each party has the right to specify that notice be addressed to any other address by giving to the other party ten (10) days written notice thereof.

19. Modification - Interpretation. The terms, conditions, and provisions of this Agreement and of the Development Plan can neither be modified nor eliminated except by mutual agreement between the City and Developer and approved by an ordinance or ordinances duly adopted by the Council; *provided, however*, that this

Agreement shall not be construed as an enlargement of the authority conferred upon the City by The Urban Redevelopment Corporations Law.

20. Effective Date. This Agreement becomes effective on the effective date of the Ordinance or the date of the actual execution hereof by the City and Developer, whichever last occurs, and shall remain in full force and effect so long as Developer shall either be entitled to enjoy tax relief pursuant to the provisions of Section 8 of this Agreement or shall have any right under the provisions of the Development Plan to commence construction of any buildings or improvements in said Redevelopment Project pursuant to Sections 3 and 4 hereof, and at the end of such period so determined, this Agreement shall terminate and become null and void.

21. Applicability. This Agreement applies only to the Redevelopment Project referred to herein.

22. Recording. This Agreement shall be recorded by the City in the Recorder's Office of Greene County, Missouri.

23. Continuing Obligation to Maintain Redevelopment Project Area and Redevelopment Project. Developer agrees to maintain the Redevelopment Project Area and Redevelopment Project in a condition of good repair which includes compliance with all City Codes of Springfield, Missouri. In the event Developer assigns its rights under the Development Plan and this Agreement to an unrelated party and said assignment is approved by ordinance pursuant to Section 14 of this Agreement, then, in such an event, Developer's obligations under this Section 23 shall be released.

24. Interpretation. In the event of any conflict between the terms of the Development Plan and this Agreement, the terms of this Agreement shall prevail.

25. Headings. The headings or captions of this Agreement are for convenience and reference only, and in no way define, limit, or describe the scope or intent of the Agreement or any provision hereof.

26. Severability. The provisions of this Agreement shall be deemed severable. In the event that any provision of this Agreement is found by a court of competent jurisdiction to be invalid, the remaining provisions of this Agreement shall remain valid unless the court finds that the valid provisions are so essentially and inseparably connected with and so dependent upon the invalid provisions that it cannot be presumed that the parties hereto would have agreed to the valid provisions of this Agreement; or unless the court finds the valid provisions, standing alone, are incomplete and incapable of being executed in accordance with the contracting parties' intent.

27. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

28. Conflicts. No salaried officer or employee of the city, and no member of the City Council or the Corporation shall have a financial interest, direct or indirect, in this Agreement. A violation of this provision renders the Agreement void. Any applicable federal regulations and applicable provisions in Section 105.450 et seq. RSMo. shall not be violated. Developer covenants that it presently has no interest and shall not acquire any interest, of a direct or indirect nature, which would conflict in any manner or degree with the performance of services to be performed under this Agreement. Developer further covenants that in the performance of this Agreement no person having such interest shall be employed or compensated by Developer.

29. Jurisdiction. This agreement and every question arising hereunder shall be construed and determined according to the law of the State of Missouri. Should any part of this agreement be adjudicated, venue shall be proper only in the Circuit Court of Greene County, Missouri.

30. Discrimination. Developer agrees in the performance of this Agreement not to discriminate on the ground or because of race, color, religion, sex, sexual orientation, gender identity, national origin, age, status as a protected veteran or status as a qualified individual with a disability, or political opinion or affiliation, against any employee of Developer or applicant for employment and shall include a similar provision in all subcontracts let or awarded hereunder. The parties hereby incorporate the requirements of 41 C.F.R. §§ 60-1.4(a)(7), 29 C.F.R. Part 471, Appendix A to Subpart A, 41 C.F.R. § 60-300.5(a) and 41 C.F.R. § 60-741.5(a), if applicable.

   a. This Developer and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

   b. This Developer and any authorized subcontractor shall abide by the requirements of 41 C.F.R. § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

31. Affidavit for Contracts Over $5,000.00. Pursuant to Missouri Revised Statute Sections 285.525 through 285.550, if this Agreement exceeds the amount of $5,000.00 and Developer is associated with a business entity, Developer shall provide a notarized affidavit acceptable to the City stating that the associated

business entity is enrolled in and participates in a federal work authorization program with respect to the employees working in connection with the contracted services, and that said business entity does not knowingly employ any person who is an unauthorized alien in connection with the contracted services. Additionally, Developer must provide documentation for said business entity evidencing current enrollment in a federal work authorization program.

32. Certificate of Compliance with 34.600 RSMo**. (Anti-Discrimination Against Israel Act).** Pursuant to Missouri Revised Statute Sections 34.600 et seq., Developer must provide a written certification of compliance with the Anti-Discrimination Against Israel Act, RSMo. 34.600 et seq., that Developer is not currently engaged in and shall not, for the duration of the Agreement, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. This section shall not apply to contracts with a total potential value of less than one hundred thousand dollars ($100,000) or to contractors with fewer than ten (10) employees.

33. Nonresident/Foreign Consultants. Developer shall procure and maintain during the life of this Agreement:

a. If Developer is a foreign corporation, a certificate of authority to transact business in the State of Missouri from the Secretary of State, unless exempt pursuant to the provisions of Section 351.572 RSMo.; and

b. A certificate from the Missouri Director of Revenue evidencing compliance with the transient employer financial assurance law, unless exempt pursuant to the provisions of Section 285.230 RSMo.

34. General Independent Consultant Clause. This Agreement does not create an employee/employer relationship between the parties. It is the parties' intention that the Developer will be an independent contractor and not the City's employee for all purposes, including, but not limited to: the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, Missouri revenue and taxation laws, and Missouri workers' compensation and unemployment insurance laws. The Developer will retain sole and absolute discretion in the judgment of the manner and means of carrying out the Developer's activities and responsibilities hereunder. The Developer agrees that it is a separate and independent enterprise from the City, that it has a full opportunity to find other work, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the services. This Agreement shall not be construed as creating any joint employment relationship between the Developer and the City, and the City

will not be liable for any obligation incurred by the Developer, including but not limited to unpaid minimum wages and/or overtime premiums.

35. City Benefits. Developer shall not be entitled to any of the benefits established for the employees of the City nor be covered by the Workers' Compensation Program of the City.

36. Liability and Indemnity. The parties mutually agree to the following:

a. In no event shall the City be liable to the Developer for special, indirect, or consequential damages, except those caused by the City's gross negligence or willful or wanton misconduct directly and solely resulting in a breach of this Agreement.

b. Developer shall defend, indemnify, and hold the City harmless from and against all claims, including but not limited to, losses and liabilities arising out of personal injuries, including death, and damage to property, which are caused by the Developer arising out of or in any way connected with this Agreement.

c. Developer shall indemnify and hold the City harmless from all wages or overtime compensation due Developer's employees in rendering services pursuant to this Agreement, including payment of reasonable and documented attorney fees and costs in the defense of any claim made under the Fair Labor Standards Act or any other federal or state law.

37. Attorney Fees. In the event of any litigation arising from breach of this Agreement where a court of competent jurisdiction finds the Developer to be liable, the City shall be entitled to recover from the Developer all reasonable and documented costs incurred for such litigation, including staff time, court costs, reasonable and documented attorney fees, and all other reasonable related expenses incurred in such litigation.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

CITY OF SPRINGFIELD, MISSOURI

By: _____
Jason Gage, City Manager

ATTEST:

_____
Anita Cotter, City Clerk

Approved as to form and legality:

_____
Paul Jordan, City Attorney

COMMERCIAL-PACIFIC STREET REDEVELOPMENT CORPORATION

By: _____
Print Name: _____
Its: _____

ATTEST:

_____
Print Name: _____
Its: _____

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

BE IT REMEMBERED, that on this _____ day of _____, 2024, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came _____ _____, _____ of the of the City of Springfield, Missouri, a municipal corporation duly organized, incorporated and existing under and by virtue of the laws of the State of Missouri who is personally known to me to be the same person who executed, as such official, the within instrument on behalf of said municipal corporation, and such person duly acknowledged the execution of the same to be the act and deed of said municipal corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

_____
Notary Public

My Commission Expires:

_____

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

BE IT REMEMBERED, that on this _____ day of _____, 2024, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came _____ _____, _____ of the Commercial-Pacific Street Redevelopment Corporation, a corporation duly organized, incorporated and existing under and by virtue of The Urban Redevelopment Corporations Law of Missouri, who is personally known to me to be the same person who executed, as such officers, the within instrument on behalf of said corporation, and such person duly acknowledged the execution of the same to be the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA

PART OF BLOCK 18 IN THE ORIGINAL TOWN OF NORTH SPRINGFIELD, NOW IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, BEING ALL OF LOTS 1, 2, 3, 10, 11, AND 12 INCLUDING THE VACATED ALLEY BETWEEN SAID LOTS, ALSO ALL OF LOT 9, ALL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 18 BEING THE NORTHWEST CORNER OF SAID LOT 12; THENCE SOUTH 89°17'12" EAST ALONG THE NORTH LINE OF SAID BLOCK 18, 438.50 FEET TO THE NORTHEAST CORNER OF SAID BLOCK 18 AND THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 01°06'58" WEST ALONG THE EAST LINE OF SAID BLOCK 18, 198.73 FEET TO THE SOUTHEAST CORNER OF SAID LOT 3; THENCE NORTH 89°18'51" WEST ALONG THE SOUTH LINE OF SAID LOT 3 AND ITS EXTENSION, 227.64 FEET TO THE NORTHEAST CORNER OF SAID LOT 9; THENCE SOUTH 01°09'18" WEST, 66.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 9; THENCE NORTH 89°18'51" WEST, 211.17 FEET TO THE SOUTHWEST CORNER OF SAID LOT 9; THENCE NORTH 01°11'35" EAST ALONG THE WEST LINE OF SAID BLOCK 18, 264.95 FEET TO THE POINT OF BEGINNING.

EXHIBIT B
DEVELOPMENT PLAN

EXPLANATION TO COUNCIL BILL 2024-053 (JENSON)

FILED: 02/22/2024

ORIGINATING DEPARTMENT: Planning and Development

TITLE: A general ordinance amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 3.3 acres of property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, and 1506 West Meadowmere Street from R-SF, Residential Single-Family District to R-LD, Low-Density Multifamily Residential District with Conditional Overlay District No. 246; and adopting an updated Official Zoning Map. (By: Eoff Land Trust; 1330 South Kansas Avenue; Z-1-2024 with Conditional Overlay District No. 246)

PURPOSE: Amending the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 3.3 acres of property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, 1506 West Meadowmere Street from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246 (Staff and Planning and Zoning Commission recommend approval).

BACKGROUND INFORMATION: ZONING CASE NUMBER Z-1-2024/ CONDITIONAL OVERLAY DISTRICT NO. 246

The applicant is requesting to rezone approximately 3.3 acre of property generally located at 1330 South Kansas Avenue from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246. The applicant intends to build a low-density multifamily housing development.

REMARKS: The Planning and Zoning Commission held a public hearing on February 15, 2024, and recommended to approve, by a vote of 7 to 0.

The Planning and Development staff recommends the application be approved (see the attached Development Review Staff Report).

FINDINGS FOR STAFF RECOMMENDATION:

1. The applicant is requesting to rezone approximately 3.3 acre of property generally located at 1330 South Kansas Avenue from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246. The applicant intends to build a low-density multifamily housing development.

2. The Comprehensive Plan's Land Use & Development chapter identifies the subject

property as the Traditional neighborhood placetype.

3. The Traditional neighborhood placetype lists low-intensity multi-family as a supporting land use. This application, which limits the maximum density to eleven (11) dwelling units per acre, is considered to be low-intensity. The standard R-LD district allows up to eighteen (18) dwellings units per acre.

4. The Land Use & Development chapter states that "the design of higher density residential uses integrated into the Residential Neighborhood Placetype should complement the scale and character of the surrounding neighborhood. Attention should be given to building height, orientation, architectural style, and setback to ensure the existing neighborhood character is retained." The proposed COD's design requirements are consistent with this recommendation by addressing each of these criteria outlined below:

- Building height: The COD places a building height restriction of thirty (30) feet in height or two stories. The existing and surrounding R-SF district allows building height to be thirty-five (35) feet in height when side yards are less than 15 feet or forty-five (45) feet in height when side yards are greater than 15 feet. This provision will help to complement the scale of the surrounding neighborhood.
- Orientation: The COD requires that each building that is directly adjacent to Kansas Avenue shall have a front door entrance to each ground floor unit. At least half of the units facing Kansas Avenue shall have a front porch that projects at least three (3) feet beyond the front building façade.
- Architectural style: The COD requires that the roof orientation, roof pitch and window openings be compatible with the single-family homes in the area. Flat roofs are prohibited to Vinyl siding is prohibited on buildings. Chain-link fences are also prohibited. Units that face Kansas Avenue will be articulated to ensure that the building does not appear monolithic in nature and complement the character of the area.
- Setback: The front yard setback shall be fifteen (15) feet from Kansas Avenue and garages will be setback at least twenty (20) feet.

5. The proposed COD has site design requirements which provide for internal sidewalks within the development, benches that serve as pedestrian amenities, provisions for lighting to minimize impacts to neighboring properties and the preservation of healthy, native and mature trees that can be used within the bufferyard area.

6. This application is consistent with the Comprehensive Plan's Housing and Neighborhoods chapter which encourages creative housing solutions to add housing diversity and support downsizing households, young professionals, and aging-in-place. The Plan encourages the use of "missing middle" housing types. Missing middle housing sits in the middle of the development spectrum between single-family homes

and mid-rise to high-rise apartment buildings. These housing types should be integrated into Springfield's existing neighborhoods to increase housing diversity and provide a wider, more equitable range of housing choices.

7. Missing middle housing types provide opportunities for the City to increase the diversity of its housing stock through moderate increases in density, while maintaining the neighborhood character Springfield residents cherish. They range from low density duplexes to mid density multiplexes and triplexes, which can be integrated into the City's housing mix by using single-family lots to accommodate two to three units in a context-sensitive manner.

8. The Plan recommends a "stepped down" approach to be used to transition from higher density/intensity residential and non-residential uses to single-family residential homes and uses, with greater densities/intensities located on higher functioning roadways, at the periphery of the neighborhood. Although the subject property is located on Kansas Avenue, classified as a local street, traffic from the proposed development does not have to traverse far through a neighborhood to get to a higher classification street. Bennett is classified as a collector roadway and is located one-hundred and fifty feet from the subject property. Kansas Expressway approximately one-quarter mile to the west of the neighborhood.

9. This application proposes to rezone a portion of the properties at 1518, 1512, 1506 West Meadowmere Street. The applicant intends to utilize a portion of the rear yards in the proposed development for the stormwater management in this area. The COD requires that the property will be subdivided along the zoning district boundary following the Subdivision Regulations.

10. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

11. There are few changing conditions in the area affected that make the proposed rezoning necessary.

12. The range of uses in the proposed R-LD district and COD are compatible with the uses permitted on other property in the immediate vicinity.

13. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

14. The impact of the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic or reduce traffic safety in the vicinity.

15. The proposed zoning will not correct an error in the application of this article, but

rather will provide a viable use of the property subject to the provisions of the zoning district.

16. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

STAFF RECOMMENDATION: Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's Traditional Neighborhood placetype and on the finding of facts above.

Submitted By: Michael Sparlin, Senior City Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:
Maurice S. Jones, Deputy City Manager 3/5/2024

Attachments:
1. Z-1-2024 COD 246 _ Ord
2. COD_exh A
3. Legal Description_exhB
4. ROP_exhC
5. Z-1-2024 COD 246_exhD

One-rdg. _____
P. Hrngs. ___X_____
Pgs. _____51_____
Filed: ___03-05-24_____

Sponsored by: _____Jenson_____

First Reading: _____ Second Reading: _____

COUNCIL BILL ___2024-053_____ GENERAL ORDINANCE _____

AN ORDINANCE

AMENDING the Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' by rezoning approximately 3.3 acres of property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, and 1506 West Meadowmere Street from R-SF, Residential Single-Family District to R-LD, Low-Density Multifamily Residential District with Conditional Overlay District No. 246; and adopting an updated Official Zoning Map.

WHEREAS, an application has been filed for a zoning change of the property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, and 1506 West Meadowmere Street from R-SF, Residential Single-Family District to R-LD, Low-Density Multifamily Residential District with Conditional Overlay District No. 246; and

WHEREAS, Conditional Overlay District No. 246 shall modify the requirements of the Springfield Land Development Code Section 36-382, Low-Density Multifamily Residential District, by requiring that the property described in "Exhibit B" comply with the requirements described in "Exhibit A" attached herein; and

WHEREAS, following proper notice, the Planning and Zoning Commission held a public hearing on February 15, 2024, a copy of the Record of Proceedings from said public hearing being attached hereto and incorporated herein by this reference as "Exhibit C," and said Commission made its recommendation; and

WHEREAS, the City has reviewed the applicant's request and prepared a staff report concerning the application, which is attached hereto and incorporated herein by this reference as "Exhibit D"; and

WHEREAS, proper notice was given of a public hearing before City Council, and said hearing was held in accordance with the law.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – The property described in "Exhibit B," which is attached hereto and incorporated herein by this reference, is hereby rezoned from R-SF, Residential Single-Family District to R-LD, Low-Density Multifamily Residential District with Conditional Overlay District No. 246. Springfield Land Development Code, Section 36-306, 'Official zoning map and rules for interpretation,' is hereby amended, changed, and modified consistent with this Ordinance.

Section 2 – City Council hereby establishes Conditional Overlay District No. 246, which shall contain the requirements and standards provided in "Exhibit A," which is attached hereto and incorporated herein by this reference as though set forth herein. The requirements of Conditional Overlay District No. 246 shall modify the requirements of the Springfield Land Development Code Section 36-382, Low-Density Multifamily Residential District, by requiring the property described in "Exhibit B" to comply with the requirements contained in "Exhibit A."

Section 3 – City Council hereby directs the City Manager, or designee, to update the City's digital zoning map to reflect this rezoning, and City Council adopts the map thereby amended as the Official Zoning Map of Springfield, Missouri, as provided for in the Springfield Land Development Code, Section 36-306, 'Official zoning maps and rules of interpretation.'

Section 4 – The Official Zoning Map herein adopted shall be maintained and archived in the same digital form in which this Council has approved its adoption.

Section 5 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Gage, City Manager

EXHIBIT A

CONDITIONAL OVERLAY DISTRICT PROVISIONS NO. 246

The requirements of Section 36-382 of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. The subject property shall be subdivided along the zoning district boundaries following the current Subdivision Regulations.

Use limitations:

1. The maximum density shall be eleven (11) dwelling units per acre.

Minimum yard requirements:

1. The front yard setback shall be fifteen (15) feet from Kansas Avenue.
2. Attached and detached garages shall be setback twenty (20) feet from Kansas Avenue.

Maximum building height:

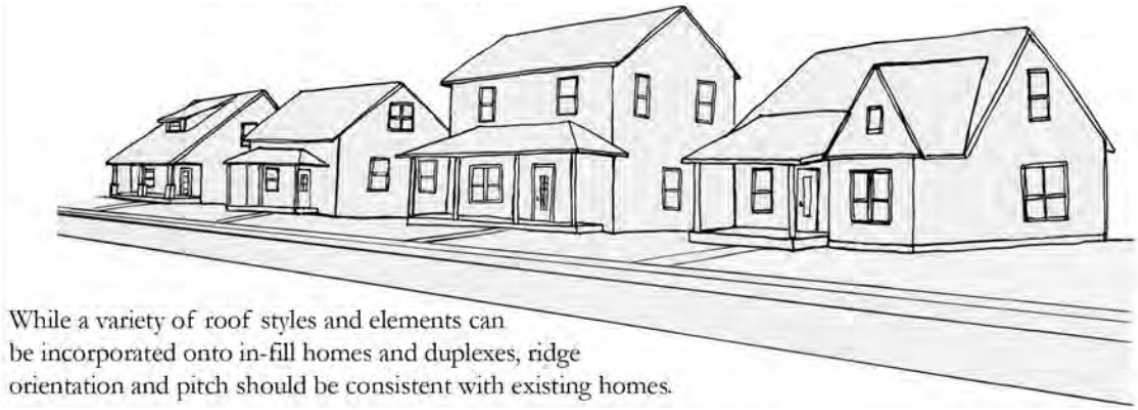
1. The maximum building height shall be thirty (30) feet in height or two stories.

Bufferyard:

1. In addition to the standard bufferyard type B, a six (6) foot solid wood fence, solid metal fence, masonry or brick wall, or evergreen hedge or any combination thereof that provides a six (6) foot solid screen, shall be required along the east property line adjacent to R-SF zoned property.

Design requirements:

1. Each building that is directly adjacent to Kansas Avenue shall have a front door entrance to each ground floor dwelling unit.
2. The structures roof pitch and orientation of the roof ridge shall be compatible with the single-family homes in the vicinity. The roof style, including gables and dormers, shall be consistent with the single-family homes in the vicinity. Flat



roofs shall be prohibited. The following figure illustrates the intent of this requirement.

(Figure from City of Springfield's *Affordable Housing Design Guidelines*)

3. On facades which face Kansas Avenue, window openings shall be similar in rhythm, size and proportion to that of the majority of single-family homes in the vicinity; i.e. uniform size and spacing on building façade. The following figure illustrates the intent of this requirement.

(Figure from City of Springfield's *Affordable Housing Design Guidelines*)

4. At least half of the units facing Kansas Avenue shall have a front porch that

Yes. All windows on this home are a consistent size and are evenly spaced.

No. The window in the upper right corner is much smaller than other windows. Such a situation can be a result of a floor plan that places a bathroom or kitchen against the front building facade.

No. The lack of rhythm in the spacing of the second floor windows results in an unbroken expanse of siding on the front building facade.

No. The vertical windows on the first floor and the horizontal windows on the second floor clash and create an inconsistency of style.

projects at least three (3) feet beyond the front building façade.
5. Vinyl siding shall be prohibited as a façade treatment on buildings.
6. Chain-link fences shall be prohibited.
7. Each unit that faces Kansas Avenue shall be articulated from the neighboring unit with bays, projections, or recesses. Articulation means a difference in the vertical plane of the building at least 18 inches or more.

Site design requirements:

1. Internal, private sidewalks shall connect to all buildings located on the site.
2. Pedestrian amenities shall include three benches placed along internal sidewalks at appropriate locations throughout the development.
3. Lighting sources or luminaries that do not have a cutoff and are used in parking lots and pedestrian ways shall not exceed a maximum of 15 feet in height.
4. All healthy and native existing trees of 6" caliper or greater shall be preserved or replaced with 2-inch caliper trees. A landscaping plan shall be submitted conforming to these requirements for building permits.

EXHIBIT B

LEGAL DESCRIPTION
ZONING CASE Z-1-2024 COD No. 246

All that part of Lots 1 and 2 of Ingleside Subdivision and that part of Lots 1 through 5 of Eoff Subdivision, both lying in the City of Springfield, Greene County, Missouri as shown on the recorded plats thereof, and being more particularly described as follows: BEGINNING at an existing iron pin at the Northeast corner of Lot 1 of Eoff Subdivision; thence, South 03°17’31” West, along and with the East line of said Lot 1, also being the original East line of Lot 1 of Ingleside Subdivision, a distance of 119.97 feet to the POINT OF BEGINNING; thence, continue South 03°17’31” West, along and with said East line, a distance of 269.73 feet to an existing iron pin at the Southeast corner of said Lot 1, Ingleside Subdivision; thence, North 88°48’33” West, a distance of 30.23 feet to an existing iron pin; thence, South 03°21’21” West, a distance of 240.18 feet to an existing iron pin at the Southeast corner of Tract “B” of City of Springfield Administrative Subdivision AS-6001; thence, North 87°38’50” West, along and with the South line of said Tract “B”, a distance of 275.13 feet to the West line of Lot 2 of Ingleside Subdivision, also being the East right-of-way line of Kansas Avenue; thence, North 03°47’47” East, along and with said East line, a distance of 503.01 feet to a point lying 30.00 feet North of the Southwest corner of Lot 5 of Eoff Subdivision; thence, South 89°04’38” East, running 30 feet North of and parallel to the South line of said Eoff Subdivision, a distance of 301.40 feet to the POINT OF BEGINNING, containing 3.36 acres, more or less, and being subject to easements, restrictions, or rights-of-way, if any.

EXHIBIT C

RECORD OF PROCEEDINGS

Z-1-2024 COD 246
1330 South Kansas Avenue
Applicant: Eoff Land Trust

Mr. Sparlin stated that this is a request to rezone approximately 3.3 acres of property from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246. He also noted the update in the staff report within 72 hours of posting the agenda, clarifying that the buffering and landscaping language had changed from “six-foot solid wooden fence along the south and east property line” to “six foot sold screen along the east property line.”

Mr. Daniel Richards, 1200 E. Woodhurst Drive noting that they have accepted all the recommendations provided by the City’s Comprehensive Plan and amended the zoning boundary and worked with the neighborhood and noted their concerns regarding traffic and there will be a 20% increase in overall traffic, but the AM and PM traffic peak hours noted no additional traffic.

Mr. Cameron Eoff, 618 N. Maplewood Hills, Nixa noted that he is the owner of the property and has family that still lives on the property. He noted that everything will be new, clean, working, and safe in perpetuity and went over the benefits of the project.

Mr. Pauly asked about the mature trees currently on the property and what are the plans to keep them.

Mr. Eoff noted that the perimeter trees will be kept and easy to maintain, but there is one large tree centered on the property and they will see what can be done to preserve it.

Mr. Denis Levangie, 1371 S. Newton, noted that he lives in an old home and stated it was built on a civil war campsite and believes the development will not fit on the acreage and noted his concerns regarding traffic.

Ms. Dulcy Stewart, 1507 S. Newton, is in favor of the project and gave a brief background of working with the Eoff family on past projects, etc., noting that he is a neighborhood guy.

Ms. Lynna Alumbaugh, 1237 S. Kansas Avenue noted that she has townhouses directly behind her and has several problems with people trespassing into her yard, yelling, etc., and has concerns regarding adding more people into the area and increased traffic.

Mr. Robert Leazer, 1232 S. Kansas Avenue is not opposed to him building on his land but would like him to reconsider building ranch style homes instead of apartments.

Ms. Collen Alexander, 1419 W. Bennett Street and are in favor of the development and has worked with well with the Eoff family as good neighbors.

Mr. Gary Alexander, 1419 W. Bennett Street and are in favor, but would not like to see “great big, tall apartments.” Believes it will raise property values and will clean up some of the fence rows but did voice his concern regarding traffic.

Mr. David Lane, 1644 W. Catalpa and is opposed to the rezoning stating that there is already a lot of apartments in that location and how the Kensington Park townhomes tower over his six-foot privacy fence into his backyard and people allowing their pets to potty along the fence and causing smells.

Ms. Emily Logan, 1622 W. Catalpa voiced her concerns regarding traffic, and if there is wheelchair access for the project and would like to have a sidewalk, stating that it is hard to go walking or dog walking and would like to see plans of what they are proposing.

Ms. Kim Eoff, 618 N. Maplewood Hills, Nixa stated that they have lived on the property for 19 years and have raised their children there and understands people's concerns and noted that traffic is a nuisance, but they see this as an opportunity to develop a neighborhood.

Mr. Brad King, 5453 E. Farm Road 192 stated that he is a builder and developer and has worked with Cameron on several developments and is in favor of the project and here to answer any questions.

Ms. Broekhoven closed the public hearing.

Ms. Broekhoven asked about a traffic study.

Mr. Zickefoose, Traffic Engineering explained that the applicant did provide traffic generation numbers for the proposed development, and we also ran our own numbers and there were very small differences. He summarized that the development on an hourly would potentially increase of seven trips a day and they are supporting the rezoning.

Mr. Colony noted that this is an attractive location, and the owner could easily sell the property and believes the owner will do a nice high-quality development.

Mr. Lebeck asked about traffic and went over his numbers that he has calculated and believes the increase is roughly 35% between as it is currently zoned versus rezoned. Discussion on sidewalks and the developer will have to build a sidewalk on the property that fronts Meadowmere.

Mr. Lebeck noted that his neighborhood is going through possible changes and that the Commission will act on the rezoning based on eight factors. Fits with the Springfield Comprehensive Plan, appropriate sewer, and water, and whether the change of conditions could affect neighborhood properties and one of them is about traffic and what impact it will have on the area and hopes that the City hears the concerns regarding traffic and notes the developer is going to do everything he can to make this a nice development and will recommend rezoning.

Ms. Broekhoven noted about the 17 conditions on top of the zoning request and whether it will have to come back to the Commission once they submit their designs for additional oversight.

Mr. Sparlin noted that if approved by City Council then the next step would be for them to submit building plans and they will be looked at in the review process by Planning staff and would review the Conditional Overlay District provisions.

Mr. Childers noted that this is one of the better Conditional Overlay District packets presented and does cover a lot of the items mentioned tonight and noting that the developer is preserving much of the vegetation that currently exists.

Mr. Knuckles believes that the developer has looked at the zoning change and traffic concerns and have concerns for the way the land will be developed and is putting an effort into making this fit in the community.

Mr. Colony believes this scale of housing will easily integrate into the neighborhood with little impact and will support this rezoning.

COMMISSION ACTION:

Lebeck, Commissioner Colony, Commissioner Knuckles. Nays: None. Absent: Commissioner Scott.

Planning and Zoning Commission Board Member Colony moved to approve Z-1-2024 COD 246, Commissioner Lebeck seconded the motion. It Passed with the following vote: Ayes: Commissioner Ridge, Commissioner Broekhoven, Commissioner Gunther, Commissioner Pauly, Commissioner Abstain: None.

Bob Hosmer, AICP
Planning Manager

Exhibit D

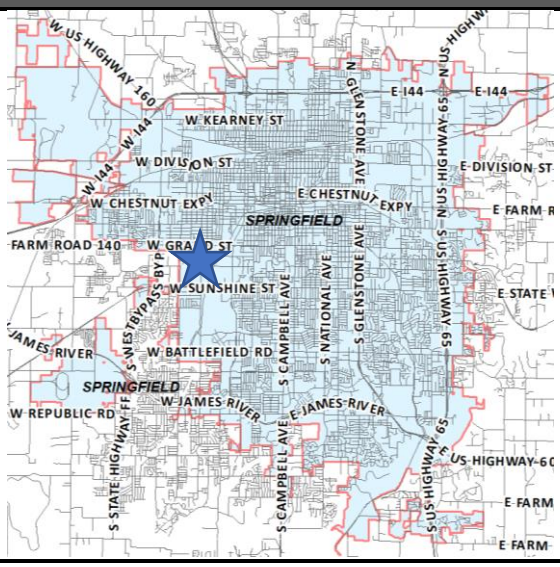
DEVELOPMENT REVIEW STAFF REPORT

PROJECT INFORMATION

Case Number:	Z-1-2024 with Conditional Overlay District No. 246
Location:	1330 South Kansas Avenue
Total Acres:	3.3 acres
Applicant:	Eoff Land Trust
Existing Land Use:	Undeveloped land
Neighborhood Meeting:	December 11, 2023
Planning and Zoning Commission:	February 15, 2024
City Council:	March 11, 2024
Public Notification:	Mail, posted property, and legal in Daily Events
Staff:	Michael Sparlin, Senior Planner
Staff recommendation:	Staff recommends approval
Proposed motion:	I move to recommend approval of rezoning case Z-1-2024 with Conditional Overlay District No. 246 as set forth in Attachment 1 (All commission motions are made in the affirmative).
Required Vote:	A majority of those present (5 members are a quorum).

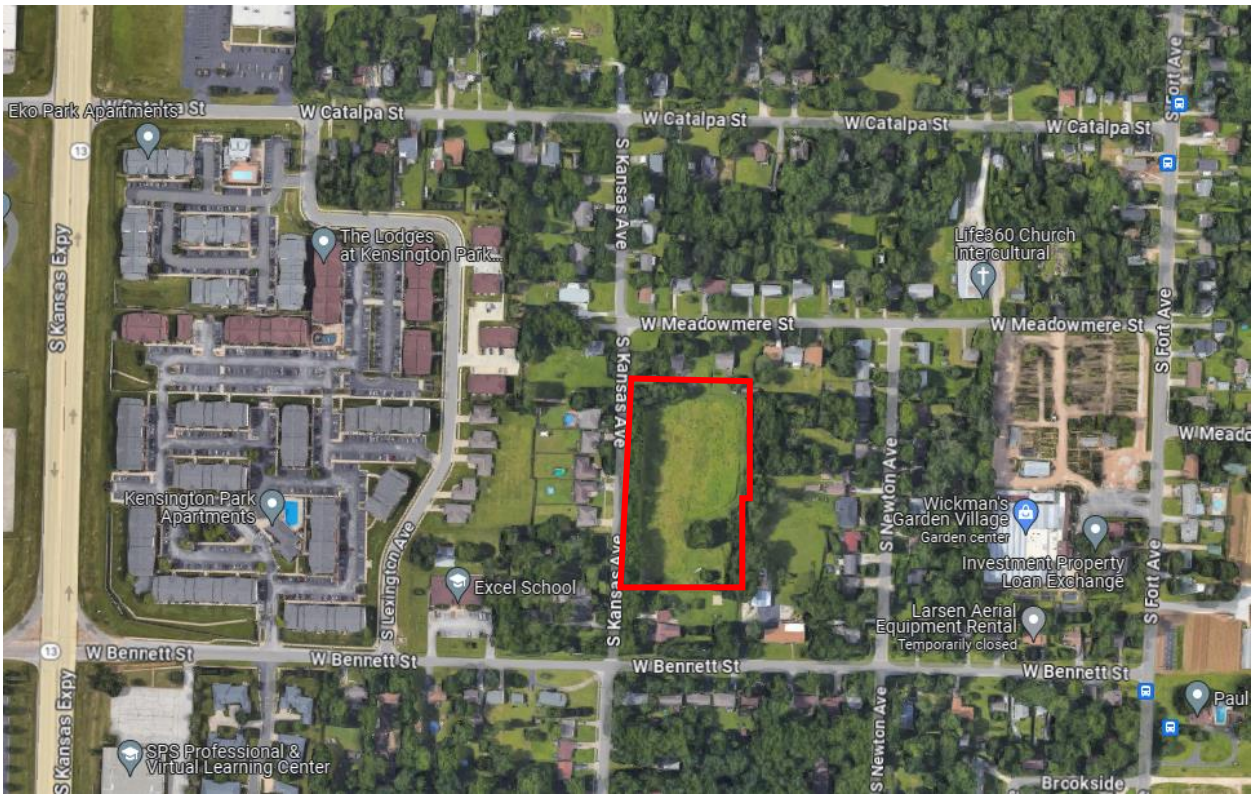
PROJECT SUMMARY:

Request to rezone approximately 3.3 acres of property generally located at 1330 South Kansas Avenue and a portion of 1518, 1512, 1506 West Meadowmere Street from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246.

LOCATION MAP	ZONING MAP
	

DEVELOPMENT REVIEW STAFF REPORT

GOOGLE AERIAL OF LANDMARKS, BUSINESSES, AND ATTRACTIONS:



GOOGLE STREETVIEW:

DEVELOPMENT REVIEW STAFF REPORT

PROPERTY HISTORY:

The subject property was zoned R-SF in the city-wide remapping in 1995.

PLANNING AND ZONING COMMISSION AUTHORITY:

Sec. 36-367. – Amendments

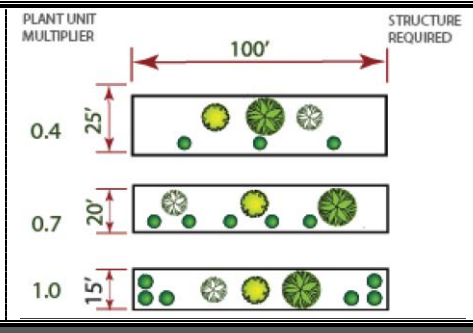
(7) Findings by the commission.

(a) Rezonings. If the application is for a reclassification of property to a different zoning district classification on the zoning map, the report of the planning and zoning commission may consider:

1. Whether the proposed zoning district classification is consistent with the Springfield Comprehensive Plan;
2. Whether there are any changed or changing conditions in the area affected that make the proposed rezoning necessary;
3. Whether the range of uses in the proposed zoning district classification are compatible with the uses permitted on other property in the immediate vicinity;
4. Whether adequate utility and sewer and water facilities exist or can be provided to serve the uses that would be permitted on the property if it were rezoned;
5. The impact the uses, which would be permitted if the property were rezoned, will have upon the volume of vehicular and pedestrian traffic and traffic safety in the vicinity;
6. Whether the proposed rezoning would correct an error in the application of this article as applied to the subject property;
7. Whether a reasonably viable economic use of the subject property will be precluded if the proposed rezoning is denied; and
8. Information submitted at the public hearing.

ZONING ORDINANCE REQUIREMENTS:

CODE ITEM	REQUIREMENTS FOR R-LD
Minimum Yard Requirements	Front yard: a. Fifteen feet along a street classified as a local street or as required by section 36-453 (garages shall be set back a minimum of 20 feet).
Maximum Structure Height	The maximum building height shall be thirty (30) feet in height or two stories.
Minimum Open Space	Not less than 20 percent.
Buffering and Landscaping	A bufferyard type B will be required adjacent to the R-SF zoned property in addition to a six (6) foot solid screen along the east property line.



COMPATIBILITY WITH COMPREHENSIVE PLAN:

PLACETYPE:

The *Comprehensive Plan's Land Use & Development* chapter identifies the subject property as the Traditional neighborhood placetype. Traditional Neighborhoods are comprised of post-war residential neighborhoods that contain predominantly single-family detached dwellings with uniform setbacks, building designs, and parcel sizes, that are separated from dissimilar uses by distinct zoning boundaries and buffer yards. Housing in Traditional Neighborhoods range from bungalows to expansive ranch style homes constructed with a variety of materials and methods. Neighborhood parks, schools, and churches are dispersed throughout to serve nearby residents. These neighborhoods can follow a gridded block pattern or curvilinear streets and are well connected internally with sidewalks and trails. Traditional Neighborhoods tend to be expansive, isolating residents from services and resources on the edges, often beyond walking distance. Planning for Traditional Neighborhoods should strive to increase and integrate quality of place and complete neighborhood characteristics. These characteristics could include beautification efforts such as planting street trees, expanding connections and access to the greenway and trail system, and support for low-intensity multi-family, low-intensity neighborhood commercial, or a mix of uses to serve area residents. Multi-family, neighborhood commercial, or mixed use should be located on the edges of the greenway system, on higher classification roadways, or areas identified by residents during the neighborhood planning process. Preservation of residential housing and housing patterns should be prioritized where lots are predominately accessed from side or internal local streets.

Redevelopment of traditional single-family residential housing for higher-density housing or commercial should be limited to areas adjacent to identified activity centers, where circulation and access will not negatively affect the adjoining neighborhood.

LAND USES PRIMARY USES

- Single-family detached

SUPPORTING USES

- Single-family attached
- Low-intensity multifamily
- Low-intensity, neighborhood commercial

- Parks, greenways, and open space
- Public and private schools and places of worship
- Low-intensity urban agriculture

CHARACTERISTICS TRANSPORTATION & INFRASTRUCTURE

- Traffic-calming measures, such as speed-humps, bump-outs, roundabouts, landscaped chicanes with integrated stormwater management, and on-street parking are used to slow traffic.
- Best management practices for stormwater management are required in development projects and within public rights-of-way, such as permeable paving, rain gardens, green roofs, native landscaping, and other low impact design strategies.
- Sidewalk gaps are filled, and sidewalks connect to transit routes, greenways and trails, and supportive uses are located within the neighborhood and around the perimeter.
- Alleys provide pedestrian connections, alternative access to rear yards, detached garages, and other approved accessory uses. • Sense of place and identity is enhanced through neighborhood organization efforts, preservation and planting trees, neighborhood identification signs, and traffic calming improvements that double as streetscape elements.
- As technology, trends, and funds permit, utilities are buried or are consolidated along rear property lines, reducing conflicts with street trees, pedestrian infrastructure, and viewsheds.
- Major entrances into neighborhoods are marked by identification signs and landscaping.

URBAN DESIGN - BUILDING AND SITE TYPOLOGY

- The main entrances of new residential developments are oriented towards the primary street.
- Preservation and adaptive reuse of neighborhood schools and surplus buildings are encouraged.
- When appropriate, adaptive reuse of residential structures for low-intensity, neighborhood-scale nonresidential uses, including missing middle housing types, is encouraged at neighborhood nodes and along edges.
- Accommodations are made to allow expanded home occupations, without detracting from the character of the neighborhood, being conscious of changing trends and advances in technologies.
- New and infill buildings maintain the proportions and architectural features common in the existing block.
- When commercial buildings are located within or adjacent to the neighborhood, they are oriented to the street, focus on pedestrian-scale, and provide limited vehicle parking.

TRADITIONAL NEIGHBORHOOD

- Residential subdivisions are designed and platted with curvilinear streets in structured layouts that maximize use of land.

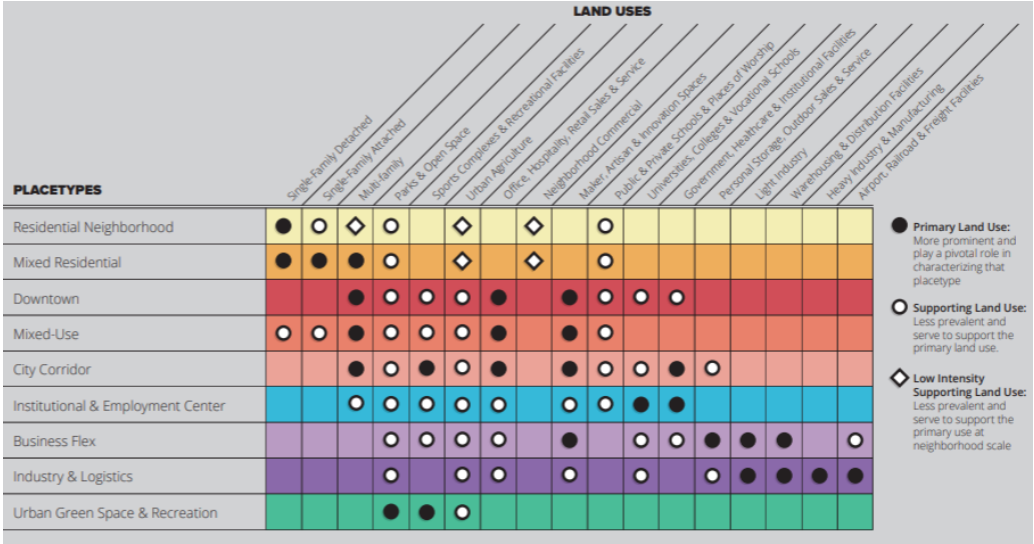
- Lots have uniform widths, depths, and setbacks that align with home sizes and densities.
- Attached garages are a standard element, typically integrated into the design of the home and make up a dominant part of the front elevation, reducing the on-street parking demands.
- Vehicular driveways are provided for each home and are accessed almost exclusively from the front or side street, limiting on-street parking opportunities.
- Neighborhoods are often self-regulated by covenants that limit use, size, and design of structures, as well as care and use of private amenities and common areas.

TRANSITIONS

- A “stepped down” approach is used to transition from higher density/intensity residential and non-residential uses to single-family residential homes and uses, with greater densities/intensities located on higher functioning roadways, at the periphery of the neighborhood.
- Lower density residential uses are sufficiently screened and buffered between higher density housing and nonresidential uses.
- The design of higher density residential uses integrated into the Residential Neighborhood Placetype should complement the scale and character of the surrounding neighborhood. Attention should be given to building height, orientation, architectural style, and setback to ensure the existing neighborhood character is retained.

DEVELOPMENT REVIEW STAFF REPORT

FUTURE PLACETYPE MAP:



DEVELOPMENT REVIEW STAFF REPORT

MAJOR THOROUGHFARE MAP:

SURROUNDING ZONING, LAND USES AND PLACETYPES:

	NORTH	SOUTH	EAST	WEST
ZONING	R-SF	R-SF	R-SF	R-SF
LAND USE	Single-family home	Single-family home	Single-family home	Single-family home
PLACETYPES	Traditional neighborhood	Traditional neighborhood	Traditional neighborhood	Traditional neighborhood

DEPARTMENT OF BUILDING DEVELOPMENT SERVICES:

No comments.

CITY UTILITIES:

No issues

DEPARTMENT OF ENVIRONMENTAL SERVICES WASTEWATER MANAGEMENT DIVISION:

No issues. Tract has access to public sewer.

FIRE DEPARTMENT:

No objections to rezoning.

DEPARTMENT OF PUBLIC WORKS TRAFFIC ENGINEERING DIVISION:

	Street Name	Street Classification	Jurisdiction	ROW from Centerline (ft.)		Traffic Count (vehicles per day)	On-Street Parking	Sidewalk	
				Required	Existing			Required	Existing
Street 1	S. Kansas Avenue	Local	City	25	25	NA	Yes	No	No

ACCESS - All new or modified driveway approaches shall comply with current City of Springfield standards for the street classification.

TRAILS, BUS STOPS, AND ADDITIONAL INFORMATION - There are no Greenway Trails near the property. There are no bus stops near the property.

IMPROVEMENTS - No improvements are required for this rezoning. A traffic study may be required at time of development.

DEPARTMENT OF PUBLIC WORKS STORMWATER ENGINEERING DIVISION:

SITE DESCRIPTION & DRAINAGE PATTERN
No existing detention or water quality Stormwater Control Measures are present on site. The property is in the Fassnight Creek and the Jordan Creek South Branch drainage basins. The property **is not** located in a FEMA designated floodplain. Staff **is** aware of flooding problems in the local or downstream area. The city **is** aware of a sinkhole downstream of this location but not on the property. The property **does not have a stream buffer on site.**
A fee in lieu of on-site stormwater detention **will not be allowed and detention is required.**

PW Stormwater has no concerns for the proposed rezoning from R-SF to R-LD. The submitted application does not have a site plan. Please note that development of the property will be subject to the following conditions at the time of development:

All chapter and section references below are to the City's Flood Control and Water Quality Protection Manual Version April 2022.

DETENTION AND DISCHARGE REQUIREMENTS
1. Any development or redevelopment that increases runoff, through the increase in impervious surface, current detention requirements must be met per Chapter 3 Sec. 2.3.3. The only exception to building detention is a Fee in Lieu of detention application per the City of Springfield Code and the manual dependent on approvable by the Director of Public Works.

2. City of Springfield only allows three acceptable methods of discharge for stormwater if a property has been modified to increase the amount, location, or character of discharge per Chapter 2 Sec 4.1.4. If none of the three options are available then the development must be

modified so that the amount, location, or character of discharge is not changed, or a downstream easement must be obtained.

(1) To a Public Right-of-way.

(2) A recorded drainage easement, continuing to a public right-of-way or public drainage system.

(3) A certified natural watercourse.

WATER QUALITY REQUIREMENTS

1. Water Quality is required for new development projects or redevelopment projects, with new or increased impervious surfacing, within the city limits of Springfield that disturb 1 acre or greater. Including projects less than 1 acre that are part of a larger common plan of development or sale that will disturb 1 or more acres over the life of the project. Chapter 10 Sec. 2.0.

2. A land disturbance permit will be required with disturbing 1 acre or greater per Chapter 4 Section 5 of the City's Flood Control and Water Quality Protection Manual.

FLOODPLAIN

N/A

NATURAL CHANNEL & STREAM BUFFERS

N/A

SINKHOLES & KARST FEATURES

1. Sinkhole S092 is downstream of the mentioned property and is located at 1415-1317 W Meadowmere St. The Sinkhole is large and several homes have been built in the sinkhole. The 1330 S Kansas Ave property partially drains to the watershed of the sinkhole. Any development will require detention to prevent the base flood elevation of the sinkhole form increasing.

ADDITIONAL STORMWATER REQUIREMENTS

1. Operation and maintenance agreements are required for any permanent stormwater control measures. O&M will need to be approved during the process and will be reviewed by ES-Water Quality per Chapter 12 Sec. 3.0.

STAFF ANALYSIS AND RECOMMENDATION:

1. The applicant is requesting to rezone approximately 3.3 acre of property generally located at 1330 South Kansas Avenue from R-SF, Residential Single-family to R-LD, Low-density Multifamily Residential district with Conditional Overlay District No. 246. The applicant intends to build a low-density multifamily housing development.

2. The *Comprehensive Plan's Land Use & Development* chapter identifies the subject property as the Traditional neighborhood placetype.

3. The Traditional neighborhood placetype lists low-intensity multi-family as a supporting land use. This application, which limits the maximum density to eleven (11) dwelling units per acre, is considered to be low-intensity. The standard R-LD district allows up to eighteen (18) dwellings units per acre.

4. The *Land Use & Development* chapter states that "the design of higher density residential uses integrated into the Residential Neighborhood Placetype should complement the scale and character of the surrounding neighborhood. Attention should be given to building height, orientation, architectural style, and setback to ensure the existing neighborhood character is retained." The proposed COD's design requirements are consistent with this recommendation by addressing each of these criteria outlined below:

   - Building height: The COD places a building height restriction of thirty (30) feet in height or two stories. The existing and surrounding R-SF district allows building height to be thirty-five (35) feet in height when side yards are less than 15 feet or forty-five (45) feet in height when side yards are greater than 15 feet. This provision will help to complement the scale of the surrounding neighborhood.

   - Orientation: The COD requires that each building that is directly adjacent to Kansas Avenue shall have a front door entrance to each ground floor unit. At least half of the units facing Kansas Avenue shall have a front porch that projects at least three (3) feet beyond the front building façade.

   - Architectural style: The COD requires that the roof orientation, roof pitch and window openings be compatible with the single-family homes in the area. Flat roofs are prohibited to Vinyl siding is prohibited on buildings. Chain-link fences are also prohibited. Units that face Kansas Avenue will be articulated to ensure that the building does not appear monolithic in nature and complement the character of the area.

   - Setback: The front yard setback shall be fifteen (15) feet from Kansas Avenue and garages will be setback at least twenty (20) feet.

5. The proposed COD has site design requirements which provide for internal sidewalks within the development, benches that serve as pedestrian amenities, provisions for lighting to minimize impacts to neighboring properties and the preservation of healthy, native and mature trees that can be used within the bufferyard area.

6. This application is consistent with the *Comprehensive Plan's Housing and Neighborhoods* chapter which encourages creative housing solutions to add housing diversity and support downsizing households, young professionals, and aging-in-place. The *Plan* encourages the use of "missing middle" housing types. Missing middle housing sits in the middle of the development spectrum between single-family homes and mid-rise to high-rise apartment buildings. These housing types should be integrated into Springfield's existing neighborhoods to increase housing diversity and provide a wider, more equitable range of housing choices.

7. Missing middle housing types provide opportunities for the City to increase the diversity of its housing stock through moderate increases in density, while maintaining the neighborhood character Springfield residents cherish. They range from low density duplexes to mid density multiplexes and triplexes, which can be integrated into the City's housing mix by using single-family lots to accommodate two to three units in a context-sensitive manner.

8. The *Plan* recommends a "stepped down" approach to be used to transition from higher density/intensity residential and non-residential uses to single-family residential homes and uses, with greater densities/intensities located on higher functioning roadways, at the periphery of the neighborhood. Although the subject property is located on Kansas Avenue, classified as a local street, traffic from the proposed development does not have to traverse far through a neighborhood to get to a higher classification street. Bennett is classified as a collector roadway and is located one-hundred and fifty feet from the subject property. Kansas Expressway approximately one-quarter mile to the west of the neighborhood.

9. This application proposes to rezone a portion of the properties at 1518, 1512, 1506 West Meadowmere Street. The applicant intends to utilize a portion of the rear yards in the proposed development for the stormwater management in this area. The COD requires that the property will be subdivided along the zoning district boundary following the Subdivision Regulations.

10. The subject property has access to City Utilities infrastructure, and any necessary extension of such services can be provided via City Utilities' extension policy, though new easements may be necessary to accommodate this.

11. There are few changing conditions in the area affected that make the proposed rezoning necessary.

12. The range of uses in the proposed R-LD district and COD are compatible with the uses permitted on other property in the immediate vicinity.

13. There are adequate utility and sewer and water facilities existing or can be provided to serve the uses that would be permitted on the property if it were rezoned.

14. The impact of the uses, which would be permitted if the property were rezoned, is not expected to significantly increase the volume of vehicular and pedestrian traffic or reduce traffic safety in the vicinity.

15. The proposed zoning will not correct an error in the application of this article, but rather will provide a viable use of the property subject to the provisions of the zoning district.

16. A reasonably viable economic use of the subject property will not be precluded if the proposed rezoning is denied.

DEVELOPMENT REVIEW STAFF REPORT

STAFF RECOMMENDATION:

1. Staff recommends approval based on the proposal's general conformance to the Comprehensive Plan's Traditional Neighborhood placetype and on the finding of facts above.

PLANNING AND ZONING OPTIONS:

The planning and zoning commission shall make one of the following recommendations in connection with each proposed change in zoning district classification of this article:

1. Recommend against the proposed change in the zoning district classification.
2. Recommend a change in the zoning district classification.
3. Recommend a change in the zoning district classification together with recommendations which, in the judgment of the planning and zoning commission, will protect adjacent property and ensure that the proposed amendment is consistent with the purpose and intent of this article.

DEVELOPMENT REVIEW STAFF REPORT

ATTACHMENT 1

CONDITIONAL OVERLAY DISTRICT PROVISIONS NO. 246

The requirements of Section 36-382 of the Springfield Zoning Ordinance shall be modified herein for development within this district to include the following:

1. The subject property shall be subdivided along the zoning district boundaries following the current Subdivision Regulations.

Use limitations:

1. The maximum density shall be eleven (11) dwelling units per acre.

Minimum yard requirements:

1. The front yard setback shall be fifteen (15) feet from Kansas Avenue.
2. Attached and detached garages shall be setback twenty (20) feet from Kansas Avenue.

Maximum building height:

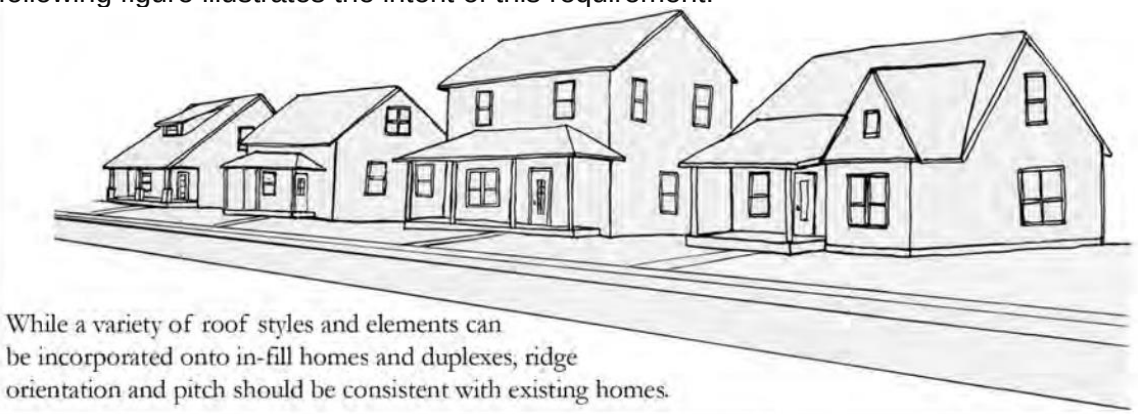
1. The maximum building height shall be thirty (30) feet in height or two stories.

Bufferyard:

1. In addition to the standard bufferyard type B, a six (6) foot solid wood fence, solid metal fence, masonry or brick wall, or evergreen hedge or any combination thereof that provides a six (6) foot solid screen, shall be required along the east property line adjacent to R-SF zoned property.

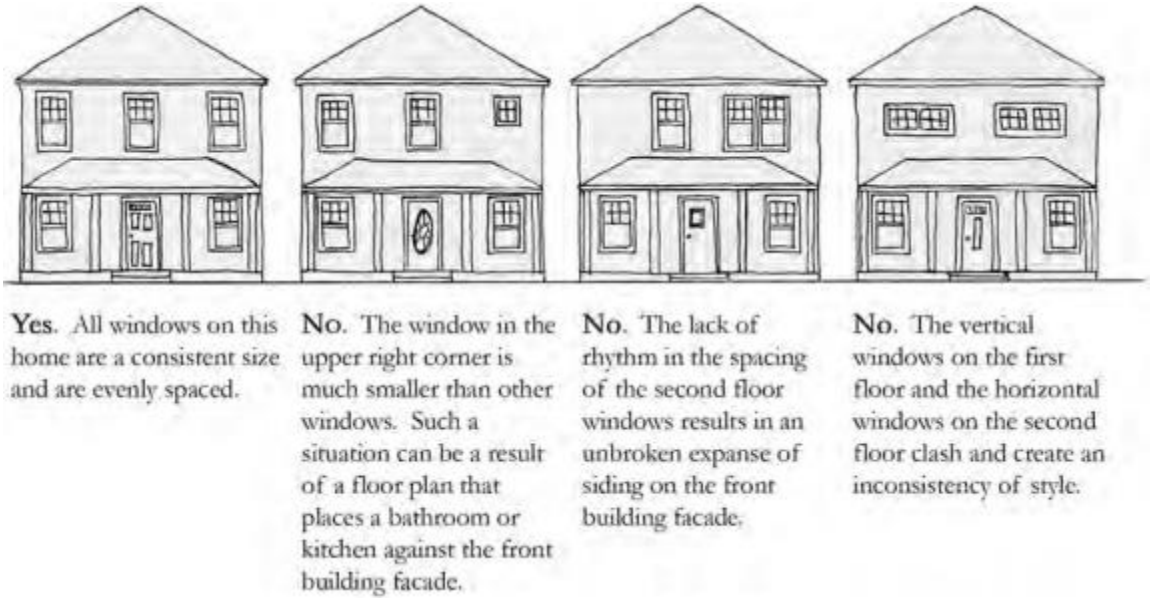
Design requirements:

1. Each building that is directly adjacent to Kansas Avenue shall have a front door entrance to each ground floor dwelling unit.
2. The structures roof pitch and orientation of the roof ridge shall be compatible with the single-family homes in the vicinity. The roof style, including gables and dormers, shall be consistent with the single-family homes in the vicinity. Flat roofs shall be prohibited. The following figure illustrates the intent of this requirement.



(Figure from City of Springfield's *Affordable Housing Design Guidelines*)

3. On facades which face Kansas Avenue, window openings shall be similar in rhythm, size and proportion to that of the majority of single-family homes in the vicinity; i.e. uniform size and spacing on building façade. The following figure illustrates the intent of this requirement.



(Figure from City of Springfield's *Affordable Housing Design Guidelines*)

4. At least half of the units facing Kansas Avenue shall have a front porch that projects at least three (3) feet beyond the front building façade.
5. Vinyl siding shall be prohibited as a façade treatment on buildings.
6. Chain-link fences shall be prohibited.
7. Each unit that faces Kansas Avenue shall be articulated from the neighboring unit with bays, projections, or recesses. Articulation means a difference in the vertical plane of the building at least 18 inches or more.

Site design requirements:

1. Internal, private sidewalks shall connect to all buildings located on the site.
2. Pedestrian amenities shall include three benches placed along internal sidewalks at appropriate locations throughout the development.
3. Lighting sources or luminaries that do not have a cutoff and are used in parking lots and pedestrian ways shall not exceed a maximum of 15 feet in height.
4. All healthy and native existing trees of 6" caliper or greater shall be preserved or replaced with 2-inch caliper trees. A landscaping plan shall be submitted conforming to these requirements for building permits.

AFFIDAVIT OF NEIGHBORHOOD NOTIFICATION AND MEETING SUMMARY

1. Request change to zoning from: R-SF to R-LD with COD
   (existing zoning) *(proposed zoning)*
2. Meeting Date & Time: December 11th, 4:00-6:30 pm
3. Meeting Location: Fire Station 1 Community Center, 720 E Grand, Springfield, MO 65807
4. Number of invitations that were sent: 139
5. How the mailing list was generated: City of Spring feld
6. Number of neighbors in attendance (attach a sign-in sheet): 12
7. List the verbal comments and how you plan to address any issues:
   (City Council does not expect all the issues to be resolved to the neighborhood's satisfaction; however, the developer must explain why the issues cannot be resolved).

   See the attached Neighborhood Meeting Summary and comment sheets.

8. List or attach the written comments and how you plan to address any issues:

   See the attached Neighborhood Meeting Summary and comment sheets.

I, Martha Middleton *(print name),* attest that the neighborhood meeting was held on 12/11/2023 *(month/date/year),* and is at least twenty-one (21) days prior to the Planning and Zoning Commission public hearing and in accordance with the attached "Neighborhood Notification and Meeting Process."

Martha Middleton
Signature of person completing affidavit

Martha Middleton
Printed name of person completing affidavit

LEE ENGINEERING AND ASSOCIATES, L.L.C.
CIVIL ENGINEERING & LAND SURVEYING

1200 E. WOODHURST., SUITE D200, SPRINGFIELD, MO 65804
TELEPHONE: (417) 886-9100 • FACSIMILE: (417) 886-9336 • dlee@leeengineering.biz

December 18, 2023

RE: PLN2023-00294
Z-1-2024 COD 246 - 02.Zoning Map Amendment - 1330 S KANSAS AVE

Lee Engineering hosted a Neighborhood Meeting on December 11th at Fire Station #1 from 4:00-6:30 p.m. to discuss the proposed rezone with the neighborhood. The property owner, Cameron Eoff, was also there to answer questions.

Below is a summary of the comments we received—both written and verbal—from the neighborhood meeting and how we will address each comment. A copy of this letter will be sent to the City of Springfield Planning Department and the changes will be added to the Conditional Overlay District documents.

Screening:
A bufferyard is required between the proposed development and the adjacent single family residential. The required bufferyard is the City of Springfield bufferyard "B", which does not require a fence. A fence was specifically requested by the neighbors to the east, and we will be adding a 6' privacy fence as a conditional requirement to the rezoning.

Limit Building Height to Two Stories:
At the request of the neighborhood, the developer has agreed to limit the building height to 30 feet/two stories with a Conditional Overlay. R-SF zoning allows three-story, 45' max buildings to be constructed, so the developer is agreeing to limit the height below what is even allowed under the existing zoning.

Density:
The existing R-SF zoning allows 7 units/acre. The proposed R-LD zoning would typically allow 17 units/acre, but we have agreed to limit the density to 11 units/acre based on the City of Springfield staff recommendations for this location.

Lighting:
A photometric lighting study will be submitted to the City of Springfield to meet the City's 36-484 Lighting Standards, which regulates lighting spillover and glare.

Traffic:
We submitted a traffic memo to the City of Springfield along with our zoning request showing that 41 townhome units compared to 26 residential single-family units, which could be developed in the existing zoning, only produces 22% additional vehicles per day. Also, the proposed development does not generate the minimum criteria of 500 vehicles per day for a full traffic study to be warranted.

Property Fronting Meadowmere:
We received the comment that the land along Meadowmere should remain zoned as single-family lots. The property submitted for the rezoning from R-SF to the R-LD rezone includes land along Meadowmere; however, it is the owner's intent to subdivide those three "fingers" into individual tracts and develop them as single family residential.

Driveway Locations:
Driveways will be located in accordance with City of Springfield design guidelines and in cooperation with the City's traffic engineer. The current plan is to provide access off of Kansas Ave with two driveways, but that plan will need to be reviewed by city staff with the final plans for the development.

The owner wants to work with the neighborhood and city staff to develop the property in way that preserves the character of the neighborhood. To summarize, the developer has agreed to the following changes based on city staff and neighborhood comment:
-Limit density to 11 units/acre
-Orient the townhomes that are adjacent to Kansas Ave to face Kansas Ave
-Provide attached garages
-Provide a 6’ privacy fence on the east property line
-Residential-style shingled roofs
-Limit the building height to 30 ft

If you have any questions or need additional information, please contact our office. Thank you.

Sincerely,
Daniel Richards

LEE ENGINEERING AND ASSOCIATES, L.L.C.
1200 E. WOODHURST DRIVE, SUITE 200 SPRINGFIELD, MO. 65804
FACSIMILE: (417) 886-9336 • dlee@leeengineering.biz • TELEPHONE: (417) 886-9100

LEE ENGINEERING AND ASSOCIATES, L.L.C.
CIVIL ENGINEERING & DESIGN

1200 E. WOODHURST DR., SUITE D200, SPRINGFIELD, MO 65804
TELEPHONE: (417) 886-9100 · FACSIMILE: (417) 886-9336 · dlee@leeengineering.biz

SIGN IN SHEET

Neighborhood Meeting

Monday, December 11, 2023

Re: Rezone from Single Family Residential to Low Density Residential with Conditional Overlay District
SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Chris Haughton	1415 W Meadowmere	417 840 4210
Charles Heidle	1335 S. Newton	417 655 0009
JUSTIN BARNETT	1319 S KANSAS AVE	(417) 576-6240
Lynna Alumbaugh	1237 S. Kansas Ave	316-587-5161
Gary Alexander	1419 W. Bennett St	417-299-9517
Colleen Alexander	1419 W Bennett St	417-773-1352
Margie Ross	1416 E. Meadowmere	417-298-9498
Dylan Hopkins	801 S. Kansas Ave	417-343-1961
Rebecca Dobbs	1502 W Bennett	417.350.7306
James Dobbs	1502 W Bennett	417.350.8304
Emily R. Logan	1672 W. Catalpa, Spfd MO 65807	
DAVID A. COOK	1365 S. KANSAS AVE 65807	417 9883586

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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COMMENT SHEET

Neighborhood Meeting

Monday, December 11, 2023

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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Doris EOFF	1370 S. Kansas Ave., Sp Fld., MO	417-865-1086

COMMENTS: My name is Doris Eoff. I have lived on the land in question since 1974. The parents of my late husband, Tom Eoff, bought the property in the early 1940's. Three generations of Eoffs raised their families here. A lot has changed in the neighborhood during that time, but it can easily be argued no other family has been a more stabilizing influence in this neighborhood.

Today, my son, Cameron, and his family want to again invest in the neighborhood. The town-home development Cameron is proposing is the type of housing, development, investment and progress that this neighborhood and this part of Springfield need at this time.

Improving and diversifying the housing stock will make the neighborhood more active and safer

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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SE Corner of Kansas Ave. and Meadowmere St.
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NAME	ADDRESS	PHONE
Margie Ross	1416 W. Meadowmere	417-298-9498

COMMENTS:

No don't do it. so much wildlife live there. Because of money another haven of animals will go or be Killed trying to get to a safe place to Lay down Live. A place to go thru to get water. why?

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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COMMENT SHEET

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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Richard Yaktine	1327 S. Kansas Ave	417 521-7755

COMMENTS: Always increases in property tax-assessment regardless of neighborhood encroachment. A 15 unit townhome northwest of my S. Kansas Ave home. Only served to create an increased assessment to valuation, opposed to my own stagnant income.

More apartments/townhomes only increase traffi and congestion for my school age child.

Keep this as single family homes. Keep neighborhoo for families to thrive. Richard Yaktine

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Lynna Alumbaugh	1237 S. Kansas Ave	316 587 5161

COMMENTS: Is more Power lines - Water lines and road repaved, going to increase our taxes (curb - gutters fire hydrants) Main concern ↑

11 units means another 83 cars
X
2 cars Not a safe neighborhood any more.

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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Springfield, MO 65807

NAME	ADDRESS	PHONE
Emily R Logan	1622 W. Catalpa St Spfld MO 65807	417-299-1916

COMMENTS: Lights may be overwhelming to all adjoined neighbors Flow of traffic will generate on all sides of the Homes compleyes. Also Catalpa St. Bennette St. I would like to see more of a plan of how the structures will layout. Property Taxes, including mine, will pay for this new property development. My street has been neglected for years.

Thanks & truly,
Emily R. Logan

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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COMMENT SHEET

Neighborhood Meeting

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Re: Rezone from Single Family Residential to Low Density Residential with Conditional Overlay District
SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Chuck Heidle	1335 S Newton	417-655-0009

COMMENTS:

Years ago I wanted to build a garage and city zoning would not allow the size that I submitted. So I had to make it smaller then I wanted. Zoning regulations are there for a reason, we live in a single dwelling part of Springfield and this change will upset that balence an face property values to decrease. I am not interested in the valu of my home decreasing. Should this go through I would want a privacy fence at least 12 to 15 ft. high, to limet the noise that would be made by 40 or so families across my back yard, that extended from north to South along the entire border. Kansas A at this time cannot support 40 or more cars that this would gena so the city would have to widen Kansas Ave. and repave the wh road next to the developement. I was told at this meeting the homes would only be 1½ stories high at 11 homes per acre at would mean the homes would be higher. That wouldn't look good in our part of town

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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Neighborhood Meeting

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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Rebecca Wells	1502 W Bennett	417.350.7306

COMMENTS:
Very much opposed to rental multi-family units!
that # units will greatly tax the streets + serenity in our neighborhood.

LEE ENGINEERING AND ASSOCIATES, L.L.C.
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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
Colton Alexander	1419 W. Bennett St. 65807	417-773-1352

COMMENTS:
We are in favor of this development.

LEE ENGINEERING AND ASSOCIATES, L.L.C.
CIVIL ENGINEERING & DESIGN

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TELEPHONE: (417) 886-9100 · FACSIMILE: (417) 886-9336 · dlee@leeengineering.biz

COMMENT SHEET

Neighborhood Meeting

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SE Corner of Kansas Ave. and Meadowmere St.
Springfield, MO 65807

NAME	ADDRESS	PHONE
DAVID COOK	1365 S. KANSAS AVE	4179883586

COMMENTS:
I APPROVE OF THE PROPOSED CONSTRUCTION PROJECT FOR S. KANSAS AVE.

David R. Cook
12-12-23

Daniel Richards

From: chris houghton <chrishoughton@myyahoo.com>
Sent: Tuesday, December 12, 2023 3:29 PM
To: zoning@springfieldmo.gov; Daniel Richards
Subject: rezoning request of Kansas ave and Meadowmere st.

Bob,

I am writing in reference to the rezoning request of Meadowmere St and Kansas Ave. property from single family to low density. I own 1415 W Meadowmere. Here are my thoughts. A higher use makes sense but only if done the right way.

In regards to the three lots that front Meadowmere.
1. These three lots should remain zoned single family residential lots.
2. Be deeded as individual as such to insure that no one in the future would turn the single family units into multi family units.
3. The lots should not become a storm water collection basin for runoff from the larger parcel of property. This was done with the lot at 1201 West Elm.
Along with aesthetics the property is not property maintained outside of the fence facing Elm.
4. The lots should not be developed as driveway access to parking lots of the low density housing. This will dump additional traffic onto Meadowmere.

The engineer stated at the public meeting that the city would like to see Kansas Ave street have structures that resemble single family units. I think something similar to 1361 and 1305 E Cherry would be a great addition to the neighborhood and utilize the property better than single family units. With this design you can not see that there are multiple units attached to each structure facing Cherry and all parking is at the rear of the buildings.

The design of the structure should not be more than two stories. Should not have one unit over another or stacked units. Units could be built as true townhouses being two stories but no higher. Garages could be placed on units facing Kansas ave. while additional uncovered parking could be placed in the rear. This would add to the appearance of single family units and help with parking requirements.

A poor example of a new build that would not be beneficial is 615/617 S Kickapoo. With this build the street side was not designed to resemble a single family unit. In addition the driveway placement allows the entire size of the building to be shown.

One last statement is that the developer be held to the design of the property that was presented. A number of years ago Dodson Williams auto repair requested a rezoning in order to expand their building. The apartments to the west of their building at 502 West Walnut were to be demolished with a green space retained at the front of the property. That was what was presented to the public. What was built was a 5 foot chain link fence with barbed wire and parking for damaged autos across the front of the lot. The city did not insure that the design presented was carried through in construction.

Chris Houghton
417-840-4210

Daniel Richards

From: Dulcy Stewart <dulcy@sbcglobal.net>
Sent: Friday, December 15, 2023 1:03 PM
To: Daniel Richards
Subject: rezoning on kansas

Cameron and Kim Eoff have been our neighbors and friends for the past 20 years since we moved into the neighborhood. I worked with Cameron in the early days of creating a neighborhood association and projects that were good for us, our neighborhood and the community. Cameron came to us recently and spent an afternoon explaining how he would like to develop his property, and my husband and I are excited about his vision. He explained in detail what he visualized and answered all our questions. We trust that this project will add housing to the area that will be visually appealing, a safe place to live and sustainable. We're very excited to see the fruition of this project and what it will add to our lovely little neighborhood!

Dulcy Stewart
1507 S. Newton Springfield 65807
417-840-1839

Daniel Richards

From: Jim Mayfield <jimayfield@sbcglobal.net>
Sent: Friday, December 15, 2023 1:02 PM
To: Daniel Richards
Subject: Eoff Project on Kansas Ave

Jim Mayfield
1507 S. Newton Ave
Springfield, Mo 65807
Phone 417 849 3041
Hello Daniel,
My name is Jim Mayfield.My wife, Dulcy Stewart and I enthusiastically endorse Cameron and Kim Eoff's effort to enhance our neighborhood with their conscientious development.
We have lived in the community for over 20 years, and feel like their vision will be a benefit to the area.
Cameron's thoughtful examination of the proposal was created after much concerned contemplation. He grew up here, and his mother and aunt reside here still. We have a lot of confidence in his ability to follow through on a project that will increase the value of nearby property owners, and add to the ambiance of our neighborhood. He made a special effort to personally visit with us to explain how his proposal would enrich this particular neck of the woods. The place we call "Home!'

DEVELOPMENT REVIEW NOTICE/COMMENT CARD

Enclosed you have received a notice of a "Neighborhood Meeting" submitted by the applicant to discuss a change in land use or zoning in your neighborhood. For all development applications involving an advertised public hearing, City Council requires developers to hold a neighborhood meeting and invite the property owners within 500 feet of the property and to the officers of neighborhood association on file with the Department.

A "Neighborhood Meeting" is held early enough to provide adequate time for the developer to negotiate with the neighborhood in order to resolve any issues and provide any proposed changes to City staff to evaluate and include in City staff reports.

If the developer submits an application for a change in land use or zoning, the property will be posted and there will be public notifications in the newspaper and notification by mail to the property owners within 185 feet of the project.

The Land Use or Zoning Change Process:

1. Application
2. Neighborhood Meeting (500 feet notification from subject property)
3. Planning and Zoning Commission Public Hearing (185 feet notification from subject property)
4. 1st City Council Public Hearing (185 feet notification from subject property)
5. 2nd City Council Meeting to decide either to approve or to deny the change in land use or zoning

City staff is available to meet with you or your neighborhood association representative(s) to discuss the proposed change in land use or zoning and answer questions at 417-864-1611.

Staff submits a report with a recommendation one week prior to the date of the public hearing at the Planning and Zoning Commission. You can provide comments on the attached "Comment Card" by mail or by email at zoning@springfieldmo.gov. Please include your name, address and telephone number as well as the address of the project in your correspondence.

Bob Hosmer, AICP Planning Manager
City of Springfield Development Review Office
840 Boonville Avenue
Springfield, Missouri 65801

Comment Card: Mail comments to the address above or email comments to zoning@springfieldmo.gov

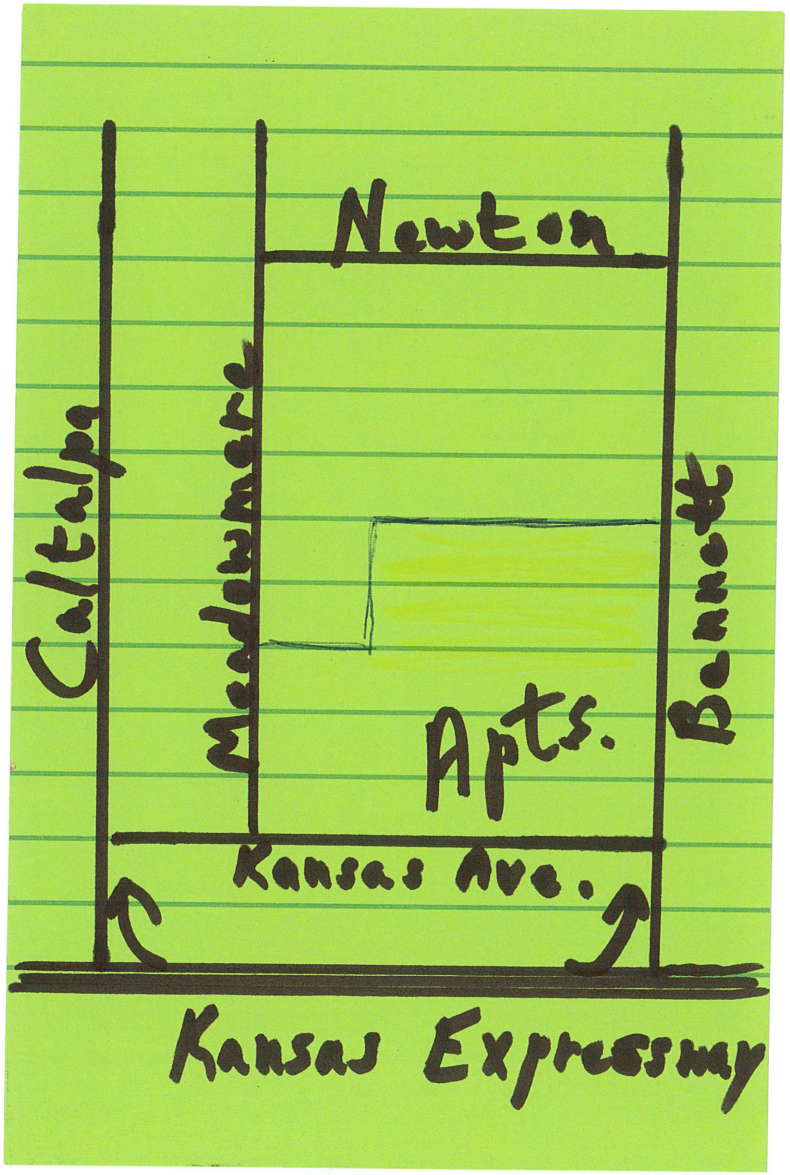
DATE:	12/4/2023	**Telephone No.**	417-709-5300
YOUR NAME:	Melinda Ann Burnett-Box		
YOUR ADDRESS:	1427 S. Newton Avenue		
PROJECT ADDRESS:	SE Corner of Kansas Ave. and Meadowmere St,		

COMMENTS: This seems like an excessive amount of housing for Cameron Eoff to build in this neighborhood. I am concerned about to extra traffic that will spill onto Bennett St. and surrounding side streets. I am also concerned about the devaluation of the single family residences in the neighborhood. I am not opposed to building on his lots, but this seems excessive and overwhelming for our neighborhood.

Thank you, Melinda A. Burnett-Box

Z-1-2024 COD 246

The signatures on these petitions are Adults who live at those addesses. Some own, some rent, some are roomates, but all would like a say about what our neighborhood should look like.
We ask that you give serious consideration to our objection to these apartments.
Lynna Alumbaugh
316-587-5161



Opposed to Z-1-2024 COD 246

Opposed to apartments being built on Kansas Ave.

Location - Kansas Ave.

Name	Address	Phone	Signature
Joe Eisenbeis	1231 S Kansas Ave SGF, MO 65807	417-844-3070	
DAVID McLAUGHLIN	1222 S KANSAS	417 895 8149	
	1319 S KANSAS AVE	(417) 576-6240	
Rachel Rohani	1327 S Kansas Ave	417-350-5023	
Kalvin Ubner	1341 S Kansas Ave	417-315-3469	
	1365 S. KANSAS	417 988 3586	
LISA COOK	1365 S. KANSAS	417 988 3586	
Richard L. Yaktine	1327 S. Kansas Ave	417 521-7755	
Donna Hopkins	1301 S. Kansas Ave	417.844.1530	
Bob Leazer	1232 S Kansas	417-824-6646	

Opposed to Z-1-2024 COD246

Opposed to apartments being built on Kansas Ave.

Location - Kansas Ave.

Name	Address	Phone	Signature
Holt Hendrick	1231 S. Kansas Ave	417 813 3480	[illegible]
Richard Doell	1226 S Kansas Ave	417-459-0358	[illegible]
Natalie Hopkins	1226 S. Kansas Ave	417-569-3595	Natalie Hopkins
Dylan Hopkins	1301 S. Kansas Ave.	417-343-1961	[illegible]
Mark Lehman	1216 S. Kansas Ave	417-849-1276	Mark Lehman
Tammy Lehman	1216 S. Kansas Ave	417-849-1276	Tamara Lehman
Walker Shannon	1221 S Kansas Ave	417-349-0565	[illegible]
Kelsey Campbell	1347 S Kansas Ave	816-738-3924	Kelsey Campbell
Kathryn F Egli	1335 S Kansas Ave	417-848-2091	[illegible]

Opposed to Z-1-2024 COD 246

Opposed to apartments being built on Kansas Ave.
Location - Bennett St.

Name	Address	Phone	Signature
Taylor Caldwell	1522 W Bennett St Spfg, MO 65807	815-587-5048	Taylor Caldwell
Arren Kolb	1510 W. Bennett St. Spfg, MO 65807	417-965-5965	Arren Kolb
James R. Dobbs	1502 W. Bennett 65807 Springfield Mo	417.350.8304	James R Dobbs
Rebecca L Dobbs	1502 W Bennett Spfld MO 65807	417.350.7306	Rebecca Dobbs
Brian Jacobs	1502 W Bennett St. SPfD, MO. 65807	417-631-2973	Brian Jacobs
Terry Freeman	1422 W Bennett Spfd, MO 65807	417-865-9126	Terry Freeman
Sandra K. Burk	1405 S. Kansas Ave	417 862 2550	Sandra Kaye Burk

Opposed to Z-1-2024 COD 246

Opposed to apartments being built on Kansas Ave.
Location Meadowmere St.

Name	Address	Phone	Signature
Austin D. Hartzler	1509 W. Meadowmere	417-379-1123	[illegible]
Michael Martin	1505 W. Meadowmere	417-331-3779	[illegible]
JOHN SHARP	1428 W MEADOWMERE ST	417-773-2169	[illegible]
Margie Ross	1416 W. Meadowmere	417-340-8273	Margie Ross

Opposed to Z-1-2024 COD246

Opposed to apartments being built on Kansas Ave.
Location – Newton Street

Name	Address	Phone	Signature
Caleb Freeland	1501 W Meadowmere	417 36 1507	[illegible]
Derick Krassier	1305 S Newton	417-450-0538	[illegible]
Lisa Parsons	1326 S Newton	147-576-4103	Lisa Parsons
Brad Cockrum	1342 S. Newton	417-522-5051	[illegible]
Olena Snow	1351 S. Newton	417-860-1026	[illegible]
Jon Nute	1347 S Newton	1-417 269 0042	[illegible]
Sarah Gallegos	1357 Newton	1417-344-0275	Sarah Gallegos
Denis Lavangie	1371 S. Newton	417-838-3128	Denis Lavangie
(Carol Sue) Susie Wilson	1323 S. Newton	417-840-6001	Carol Sue Wilson
Amanda Maggard	1318 S Newton	417-365-1887	[illegible]

OPPOSING

West Catalpa Street Neighbors Petition

Opposing the Proposed Multi-Complex Apartments at West Meadowmere St. and South Kansas Ave.

NAME	ADDRESS	PHONE	Signatures
Candy Jenkins-Alexander	1712 W. Catalpa	417-416-8929	Candy Jenkins-Alexander
Kyle Cash	1721 W Catalpa St	417-689-3167	
Hope Wimmer	1433 W. Catalpa	417-351-0715	Hope Wimmer
Johnny Cordell	1433 W. Catalpa	417-983-6550	
JEFF ROBERTS	1430 W CATALPA	417-501-1163	
Rosella Blakely	1327 W Catalpa	417-210-0459	Rosella B.
Greg Logan	1622 W. Catalpa	417-576-1817	Greg Logan
Emily R. Logan	1622 W. Catalpa St.	417-299-1916	Emily R. Logan
David Lane	1644 W. Catalpa	417-869-8371	
Della Sliz	1656 W Catalpa	417-619-7412	Della Sliz
Frederick Sliz	1656 W Catalpa	417-865-3212	

EXPLANATION TO COUNCIL BILL 2024-054 (LEE)

FILED: 03/08/2024

ORIGINATING DEPARTMENT: Economic Vitality

TITLE: A resolution confirming the appointment of Wade Guffey and the reappointment of Bryan Pendleton and Brett Roubal to the Glenstone and Kearney Community Improvement District Board of Directors

PURPOSE: To appoint Wade Guffey and reappoint Bryan Pendleton and Brett Roubal to the Glenstone and Kearney Community Improvement District Board of Directors. (Staff recommends approval.)

BACKGROUND INFORMATION: As required by the petition establishing the Glenstone and Kearney Community Improvement District ("CID"), the Mayor shall appoint directors to the CID Board of Directors with the consent of the City Council.

The CID Board of Directors requests the following appointments:

Seat	Name	Qualification	Term	Notes
3	Brett Roubal	Property Owner Representative	1/24/2028	Reappointment
4	Bryan Pendleton	Property Owner Representative	1/24/2028	Reappointment
5	Wade Guffey	Property Owner Representative	1/24/2028	New Appointment

REMARKS: Staff recommends approval.

Submitted By: Matthew Schaefer, Senior City Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:
Maurice S. Jones, Deputy City Manager 3/19/2024

Attachments: 1. Glenstone and Kearney CID Board Appointment Resolution (1)

One-rdg. X
P. Hrngs. _____
Pgs. 3
Filed: 03-19-24

Sponsored by: Lee

COUNCIL BILL 2024-054 RESOLUTION _____

A RESOLUTION

CONFIRMING the appointment of Wade Guffey and the reappointment of Bryan Pendleton and Brett Roubal to the Glenstone and Kearney Community Improvement District Board of Directors.

WHEREAS, on July 27, 2020, City Council passed Special Ordinance 27359, approving a petition to establish the Glenstone and Kearney Community Improvement District ("CID") and thereby establishing the same; and

WHEREAS, said petition established the qualifications of and process for appointment of members to the Glenstone and Kearney CID Board of Directors through appointment by the Mayor with confirmation by City Council; and

WHEREAS, there is currently a need to appoint three (3) members to the Glenstone and Kearney CID Board of Directors to serve terms through January 24, 2028; and

WHEREAS, the Glenstone and Kearney CID Board of Directors submitted a slate to the City Clerk recommending the appointment of Wade Guffey and the reappointment of Bryan Pendleton and Brett Roubal to the Glenstone and Kearney CID Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI as follows, that:

Section 1 – The Mayor hereby appoints, and City Council hereby confirms such appointment, of Wade Guffey to the Glenstone and Kearney Community Improvement District Board of Directors, with his term to expire on January 24, 2028.

Section 2 – The Mayor hereby reappoints, and City Council hereby confirms such reappointment, of Bryan Pendleton to the Glenstone and Kearney Community Improvement District Board of Directors, with his term to expire on January 24, 2028.

Section 3 – The Mayor hereby reappoints, and City Council hereby confirms such reappointment, of Brett Roubal to the Glenstone and Kearney Community Improvement District Board of Directors, with his term to expire on January 24, 2028.

Section 4 – This Resolution shall be effective immediately upon adoption.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Resolution _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Kage, City Manager

EXPLANATION TO COUNCIL BILL 2024-049 (MCGULL)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Planning and Development

TITLE: A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of Valley Water Mill Estates, generally located at 1735 East Valley Water Mill Road, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: Triple S Properties, Inc.; 1735 East Valley Water Mill Road; Preliminary Plat of Valley Water Mill Estates).

PURPOSE: Authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, Missouri, as shown on the Preliminary Plat of Valley Water Mill Estates, generally located at 1735 East Valley Water Mill Road upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (Staff recommends that City Council accept the public streets and easements.)

BACKGROUND INFORMATION:

A. An original Preliminary Plat of Valley Water Mill Estates dated January 31st, 2024, is on file in the Department of Planning and Development. A reduced version of which is included for general reference in Exhibit B, Attachment 3.
B. The Planning and Zoning Commission held a public hearing on February 15th, 2024, and approved the Preliminary Plat by a vote of 7 to 0, subject to the following conditions:

1. All improvements shall be constructed in accordance with the “Design Standards for Public Improvements” of the Public Works Department and the maintenance and operation of such improvements shall be the responsibility of the developers unless approved by the Director of Public Works. All required sanitary sewer, street, sidewalk, and drainage plans shall be prepared in accordance with City standards and specifications and approved by the Director of Public Works.

2. All required street rights-of-way, drainage and utility easements and limitations of access shall be dedicated on the final plat.

3. The developer shall meet all city and state erosion control regulations prior to disturbing the soil.

4. It is determined that the public interest requires assurance concerning adequate maintenance of common space areas and improvements. The restrictive covenants, rules and bylaws creating the common ownership must therefore provide that if the owners of the Property Owners Association shall fail to maintain the common areas or improvements in reasonable order and condition in accordance with the approved plans, the City may, after notice and hearing, maintain the same and assess the costs against the units or lots, per the Common Open Space and Common Improvement Regulations section of the Zoning Ordinance.

5. The developer shall be responsible for the relocation costs of any existing utility services and shall be responsible for clearing all utility easements of trees, brush, and overhanging tree limbs.

6. All other requirements which are necessary for this subdivision to be in compliance with the Subdivision Regulations.

All required improvements shall be the sole responsibility of the sub-divider. As prescribed by Section 36-233 of the Subdivision Regulations, the improvements shall be made or guaranteed by means of bond, escrow agreement, letter of credit or other appropriate security agreement. Release of the final plat for recording shall be withheld until the sub-divider has complied with this section.

Section 36-226 of the Subdivision Regulations requires that a final plat be submitted within two years of City Council's acceptance of the public streets and easements.

Attached for Council information is a sketch showing the location of the plat area, an exhibit showing the proposed plat, and a copy of the Planning and Development Department staff report to the Planning and Zoning Commission.

The *Comprehensive Plan's Land Use & Development* chapter groups this area into the City Corridor Placetype. This placetype predominantly consists of commercial and service related development varying in scale, ranging from standalone businesses to large retail centers. City Corridors are also key locations to support and encourage multi-family developments that rely on proximity to retail, commercial services, and employment centers. Each of these use groups are best located along major roadways with high volumes of traffic. This placetype is not only highly accessible by car, but also by walking, biking, and transit. City Corridors provide a wide range of shopping, service, entertainment, and employment

destinations for both residents and visitors. Common uses within the placetype include chain restaurants, gas
stations, hotels, national retailers, movie theaters, smaller offices, and a variety of support services. (p. 46, *Chapter 5: Land Use & Development*)

The proposed subdivision is located on Valley Water Mill Road, which is designated as a secondary arterial roadway. Right-of-way for a new north-south street is to be dedicated as part of the subdivision, providing a connection for future development to the north. A multifamily development is planned for the future of this site, which is permitted by the current zoning designation. Properties along Glenstone Avenue north of I-44 are identified as part of the City Corridor placetype, with several of them zoned General Retail or Highway Commercial. The current zoning allows for a variety of commercial uses that is supported by the Comprehensive Plan and may support the multifamily use.

REMARKS: Staff recommends approval.

Submitted By: Andrew Menke, Senior Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. Preliminary Plat of Valley Water Mill Estates_ord
2. ROP_exhA
3. Staff Report_exhB

One-rdg. _____
P. Hrngs. _____
Pgs. 19
Filed: 03-05-24

Sponsored by: McGull

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-049 SPECIAL ORDINANCE _____

AN ORDINANCE

AUTHORIZING the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of Valley Water Mill Estates, generally located at 1735 East Valley Water Mill Road, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance.

WHEREAS, an original Preliminary Plat of Valley Water Mill Estates, dated January 31, 2024, is on file with the City's Department of Planning and Development; and

WHEREAS, the Planning and Zoning Commission of the City of Springfield, Missouri, held a public hearing and conditionally approved the Preliminary Plat of Valley Water Mill Estates, which is generally located at 1735 East Valley Water Mill Road, on February 15, 2024, a copy of the Record of Proceedings from said public hearing being attached hereto and incorporated herein by this reference as "Exhibit A."

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – City Council hereby authorizes the Director of Planning and Development, on behalf of the City of Springfield, to accept the land, easements, and improvements dedicated to the City, as shown on the Preliminary Plat of Valley Water Mill Estates, which is generally located at 1735 East Valley Water Mill Road, as approved by the Planning and Zoning Commission. The original plat of Valley Water Mill Estates is on file in the Department of Planning and Development ("Approved Preliminary Plat"), a reduced version of which is attached hereto for general reference as "Exhibit B – Attachment 3." All of "Exhibit B," including attachments, is incorporated herein by this reference.

Section 2 – The Director of Planning and Development shall be authorized to

accept the land, easements, and improvements dedicated to the City, as shown on said plat, upon the applicant filing and recording a final plat in accordance with this Ordinance and the Subdivision Regulations of the City, which final plat shall substantially conform to the Approved Preliminary Plat, including those conditions described in “Exhibit B – Attachment 2,” and upon the Director of Public Works certifying to the Director of Planning and Development and the City Clerk that the public improvements have been made in accordance with City standards and specifications. Said public improvements shall not be accepted until the occurrence of all conditions referenced herein and in “Exhibit B – Attachment 2.”

Section 3 – The final plat shall not be recorded until: (1) the public improvements relating to the Approved Preliminary Plat have been constructed according to the specifications of the City of Springfield, Missouri, and are approved by the Director of Public Works, and all engineering fees, permit fees, licenses, and other fees occasioned by or in connection with the construction of said improvements have been paid to the City; or (2) in lieu of the construction of the improvements, that the Applicant has filed with the City Manager, according to the terms of the Subdivision Regulations of the City, the prescribed financial assurances in a form acceptable to the City to ensure the construction of the improvements and the payment to the City of all engineering fees, permit fees, licenses, and other fees occasioned by, or which will be occasioned by, the construction of the improvements.

Section 4 – Upon compliance with all the requirements of this Ordinance, including the conditions described in “Exhibit B – Attachment 2,” the City Clerk is hereby authorized to endorse City Council’s approval upon the final plat pursuant to Section 445.030, RSMo., and such endorsement shall constitute the acceptance of the Public Improvements contained therein.

Section 5 – This Ordinance shall be in full force and effect from and after its passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action: Jason A. Gage, City Manager

EXHIBIT A

RECORD OF PROCEEDINGS
Planning and Zoning Commission – February 15, 2024

Preliminary Plat of Valley Water Mill Estates
1735 East Valley Water Mill Road
Applicant: Triple S Properties, Inc.

Mr. Menke stated that this is a request to approve a preliminary plat for a 1-lot subdivision.

Mr. Colony asked about the private road/dead ends/hammerhead.

Mr. Zickefoose noted that it will be a public street and will be built to city standards and the City will take over maintenance once it is constructed.

Mr. Ethan Dahl, 831 S. Kimbrough here to answer any questions.

Ms. Broekhoven closed the public hearing.

COMMISSION ACTION:
Planning and Zoning Commission Board Member Knuckles moved to approve Preliminary Plat of Valley Water Mill Estates, Commissioner Pauly seconded the motion. It was **Passed** with the following vote: Ayes: Commissioner Ridge, Commissioner Broekhoven, Commissioner Gunther, Commissioner Pauly, Commissioner Lebeck, Commissioner Colony, Commissioner Knuckles. Nays: None. Absent: Commissioner Scott. Abstain: None.

Bob Hosmer, AICP
Planning Manager

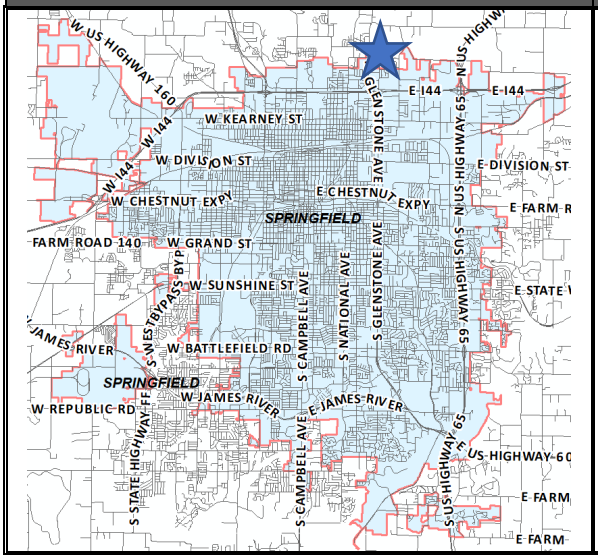
EXHIBIT B

DEVELOPMENT REVIEW STAFF REPORT

PROJECT INFORMATION	
Case Number:	Preliminary Plat of Valley Water Mill Estates
Location:	1735 East Valley Water Mill Road
Total Acres:	3.26 acres
Applicant:	Triple S Properties, Inc.
Existing Land Use:	Undeveloped
Neighborhood Meeting:	N/A
Planning and Zoning Commission:	February 15, 2024
City Council:	March 11, 2024
Public Notification:	Posted property
Staff:	Andrew Menke, Senior Planner, (417) 864-1613
Staff recommendation:	Staff recommends approval
Proposed motion:	Move to approve the preliminary plat of Valley Water Mill Estates subject to the conditions listed in Attachment 2 of the staff report. (All commission motions are made in the affirmative.)
Required Vote:	A majority of those present (5 members are a quorum).

PROJECT SUMMARY:

Request to subdivide approximately 3.26 acres of property generally located at 1735 East Valley Water Mill Road into one (1) residential lot and one (1) common area to facilitate the development of the site.

LOCATION MAP	ZONING MAP
	

DEVELOPMENT REVIEW STAFF REPORT

GOOGLE AERIAL OF LANDMARKS, BUSINESSES, AND ATTRACTIONS:

GOOGLE MAPS STREET VIEW:

DEVELOPMENT REVIEW STAFF REPORT

PROPERTY HISTORY:

The subject property was annexed into the city in 2006. At the time of annexation the property was zoned County R-1, Suburban Residence. It was rezoned to Planned Development District 303 later the same year.

PLANNING AND ZONING COMMISSION AUTHORITY:

Sec. 36-226. - Major subdivision review procedure.

(3) Preliminary plat.

(a) After participating in the pre-subdivision review with city staff, the subdivider may prepare a preliminary plat, together with supplementary material as prescribed in section 36-263.

(b) Copies of the preliminary plat and supplementary materials specified, together with a fee for administrative handling and processing in the amount prescribed by ordinance, shall be submitted to the director of planning and development with written application for approval. Upon determination that the application is complete, the director shall place the application on the agenda of the commission at a regular meeting not later than the second such meeting following the date of the filing of the application.

(c) The commission shall hold a public hearing on the preliminary plat. Notice of the public hearing shall be made in accordance with city ordinance and the rules of the commission.

(d) The commission shall review the preliminary plat and supporting material, recommendations from agencies or officials, and testimony and exhibits submitted at the public hearing. The commission shall approve, conditionally approve or disapprove the preliminary plat and if approved, the commission shall express its approval and state the conditions of such approval, if any, or if disapproved, shall express its disapproval and its reasons, therefore. In any case, a notation of the action taken, and the reasons, therefore, shall be entered in the records of the commission.

(e) If approved by the commission or approved with conditions acceptable to the applicant, then the director of planning and development shall forward the preliminary plat to the city council for its approval. Council shall determine if the land or easement proposed to be dedicated by the applicant for public use or if the public improvements shall be accepted by the city. If the city council determines that the location of the land to be dedicated for public use or the location of public improvements is appropriate and complies with applicable ordinances then the city council shall authorize the acceptance of the dedication of the land or easements upon the applicant filing and recording a final plat which substantially conforms to the preliminary plat and shall authorize the acceptance of the public improvements upon the director of public works certifying to the director of planning and development and the city clerk that the public improvements have been made in accordance with city standards and specifications.

(f) If approved with modifications which are not acceptable to the applicant or if disapproved, the director of planning and development shall attach to the plat a statement of reasons for such action and return it to the subdivider.

(g) Actions by the commission regarding the preliminary plat are final unless such action is appealed by the subdivider to the city council within 90 days of the action by the commission.

(h) Effective period of preliminary approval.

1. The approval of a preliminary plat shall be effective for a period of two years. The application for final plat approval must be submitted to the department of planning and development within the two-year period. Any plat not submitted within the two-year limit shall be null and void except as provided in subparagraph 2. below.
2. The planning and zoning commission may at its discretion and upon application by the subdivider extend the effective period of preliminary approval by two years, one time. All other submittals shall be considered a new preliminary plat and subject to applicable reviews.

DEVELOPMENT REVIEW STAFF REPORT

ZONING ORDINANCE REQUIREMENTS:

CODE ITEM	REQUIREMENTS FOR PLANNED DEVELOPMENT 303
Minimum lot dimension requirements	36 feet of frontage along a public street
Maximum structure height	-All structures shall remain below a thirty (30) degree bulk plane as measured from the boundary of any residential district. -No structure shall exceed the height of either two (2) stories above grade or thirty-five (35) feet, whichever is less restrictive.
Front yard setback	25 feet (plus 25 feet from the centerline of Waverly Ave)
Side yard setback	10 feet (plus 40 feet from the centerline of Valley Water Mill)
Rear yard setback	10 feet
Street Classification	E Valley Water Mill Road – Secondary Arterial N Waverly Avenue – Local
Sidewalks	There are no existing sidewalks along the frontage of this property. Sidewalks are required along E Valley Water Mill Road and N Waverly Avenue.
Open Space Requirements	The minimum open space ratio on each buildable lot shall be at least 20 percent.

COMPATIBILITY WITH COMPREHENSIVE PLAN:

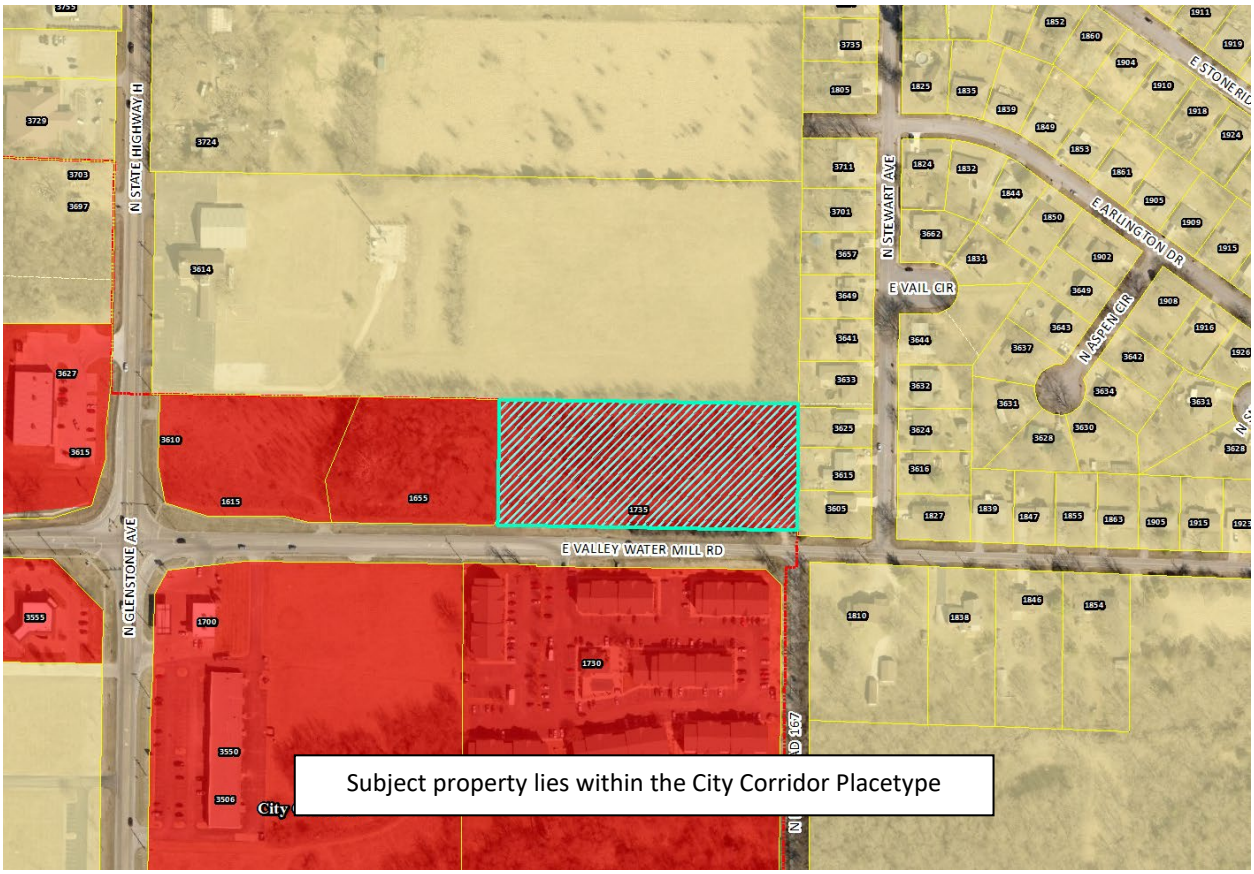
PLACETYPE: CITY CORRIDOR

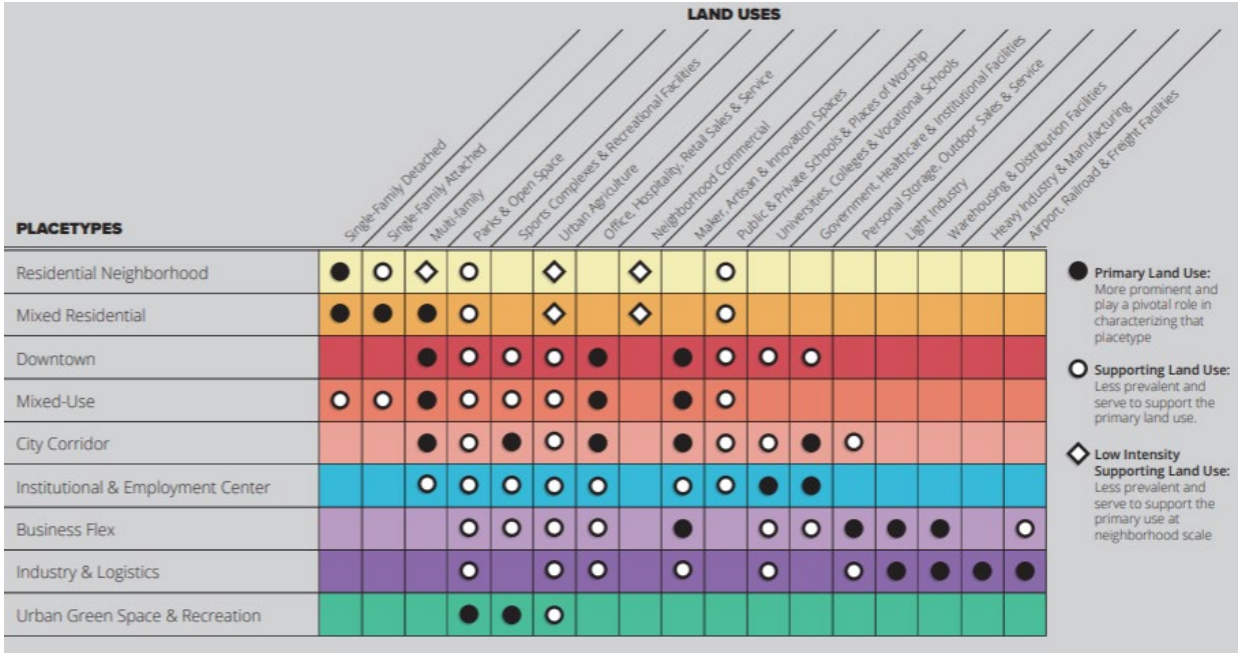
The *Comprehensive Plan's Land Use & Development* chapter groups this area into the City Corridor Placetype. This placetype predominantly consists of commercial and service related development varying in scale, ranging from standalone businesses to large retail centers. City Corridors are also key locations to support and encourage multi-family developments that rely on proximity to retail, commercial services, and employment centers. Each of these use groups are best located along major roadways with high volumes of traffic. This placetype is not only highly accessible by car, but also by walking, biking, and transit. City Corridors provide a wide range of shopping, service, entertainment, and employment destinations for both residents and visitors. Common uses within the placetype include chain restaurants, gas stations, hotels, national retailers, movie theaters, smaller offices, and a variety of support services. (p. 46, *Chapter 5: Land Use & Development*)

The proposed subdivision is located on Valley Water Mill Road, which is designated as a secondary arterial roadway. Right-of-way for a new north-south street is to be dedicated as part of the subdivision, providing a connection for future development to the north. A multifamily development is planned for the future of this site, which is permitted by the current zoning designation. Properties along Glenstone Avenue north of I-44 are identified as part of the City Corridor placetype, with several of them zoned General Retail or Highway Commercial. The current zoning allows for a variety of commercial uses that is supported by the Comprehensive Plan and may support the multifamily use.

DEVELOPMENT REVIEW STAFF REPORT

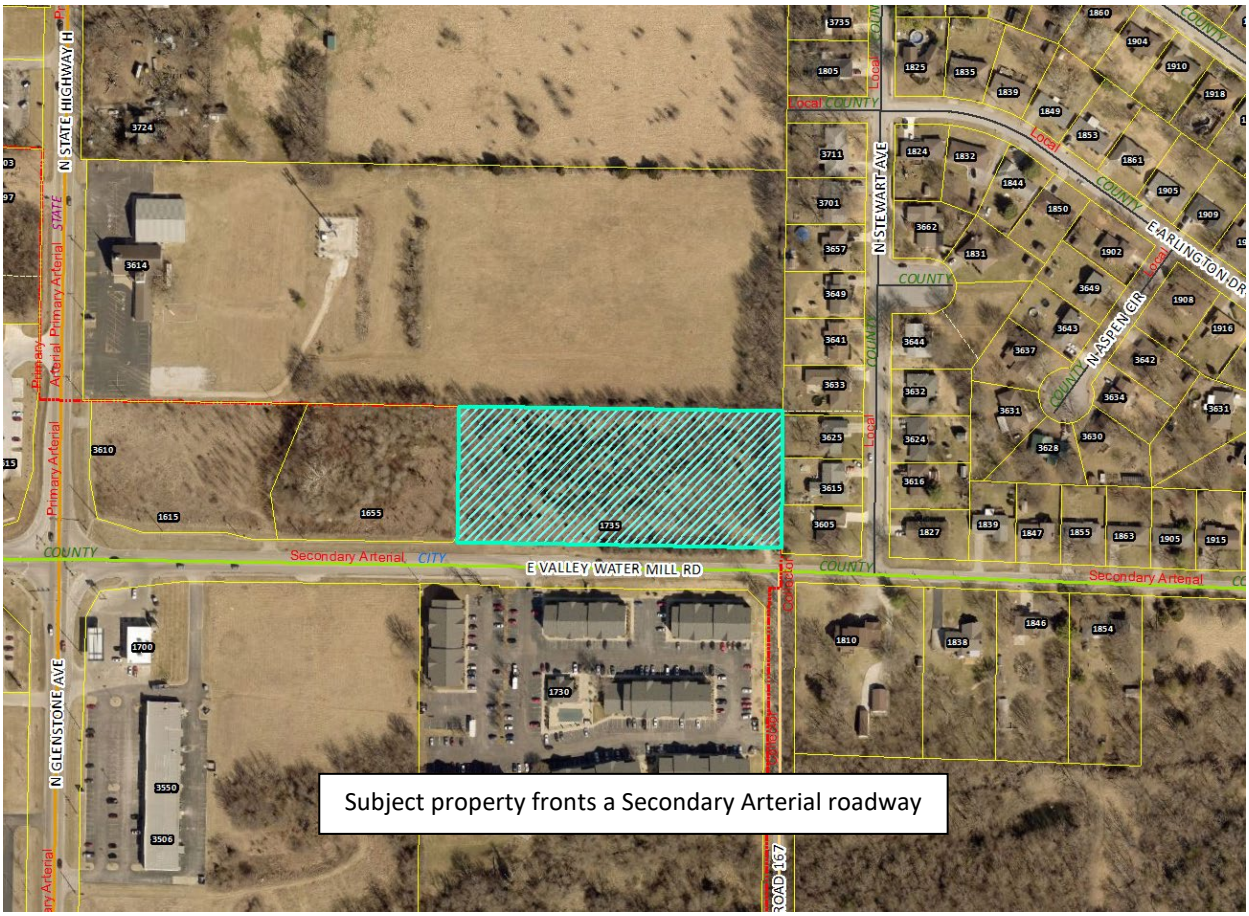
FUTURE PLACETYPE MAP:





DEVELOPMENT REVIEW STAFF REPORT

MAJOR THOROUGHFARE MAP:



SURROUNDING ZONING, LAND USES AND PLACETYPES:

	NORTH	SOUTH	EAST	WEST
ZONING	County PAD 1801	R-LD	County R-1	PD 303
LAND USE	Church	Multifamily Residential	Single-Family Residential	Undeveloped
PLACETYPES	Traditional Neighborhood	City Corridor	Traditional Neighborhood	City Corridor

DEVELOPMENT REVIEW STAFF REPORT

STAFF ANALYSIS AND RECOMMENDATION:

1. The applicant is proposing to subdivide approximately 3.26 acres into a one (1) lot subdivision named “Valley Water Mill Estates”.

2. All lots meet the minimum dimension requirements of the City’s subdivision regulations and for Planned Development District 303.

3. If Planning and Zoning Commission approves the preliminary plat, then the plat will be forwarded to City Council for acceptance of public streets and easements. An approved preliminary plat is active for two (2) years.

4. The proposed preliminary plat was reviewed by City departments and comments are contained in ***Attachment 1.*** Conditions of Approval are provided in ***Attachment 2.*** The Preliminary Plat drawing can be found in ***Attachment 3.***

STAFF RECOMMENDATION:

1. The proposed subdivision is consistent with the *Land Use and Development Element of the Comprehensive Plan* and all proposed lots meet the subdivision regulations and Planned Development District 303.

2. Staff recommends approval as submitted in the staff report.

PLANNING AND ZONING COMMISSION OPTIONS:

The commission shall review the preliminary plat and supporting material, recommendations from agencies or officials, and testimony and exhibits submitted at the public hearing.

1. The commission shall approve the preliminary plat.

2. The commission shall conditionally approve the preliminary plat.

3. The commission shall disapprove the preliminary plat.

PUBLIC NOTIFICATION AND COMMENTS:

The property was posted by the applicant at least 10 days prior to the public hearing.

No comments were received by citizens for this case at the time of publication.

DEVELOPMENT REVIEW STAFF REPORT

DEPARTMENT COMMENTS:

ATTACHMENT 1

1. AT&T:

   Recommend that type of easements be shown on final plat. AT&T has facilities within r/w near this development that will continue to be maintained. Buried facility locates need to be conducted prior to any construction to identify any utilities in the proposed development locations, and to identify if they conflict with this development plan. The site development may require existing AT&T facilities to be relocated at the developer's expense. Contact engineer Steven Beier 417-631-8704 180 days prior to construction.
   Please note that if the development of this property will need additional AT&T facilities placed, contact engineer Steven Beier 417-631-8704 180 days prior to construction.

2. CITY UTILITIES:

   No issues with lot configuration generally. Both lots will have access to CU Electric/Gas/Water along E Valley Water Mill. Utility extensions may be desired along the new proposed street for future development to the north. Easements as shown appear acceptable for CU's purposes.

   Note: A public main will not be extended into the property for the sole purpose of fire protection as shown. CU would provide a fire service connection at the ROW and then a private fire main could be extended where needed.

3. DEPARTMENT OF PUBLIC WORKS CONSTRUCTION INSPECTION DIVISION:

   Required public improvement plans must be built and approved or escrowed through the City of Springfield prior to the approval of the final plat or approval of any building permits. Please contact Andrew Flippin (aflippin@springfieldmo.gov; 417-864-1946) for questions on the escrow process.

4. DEPARTMENT OF ENVIRONMENTAL SERVICES WASTEWATER MANAGEMENT DIVISION:

   Plat is approvable. Applicant needs to submit Public improvement plans designed, submitted and constructed to city standards. The public improvements must be approved, filed and constructed or escrowed before any building permits or plats can be issued according to city code section 98-12(b)(c) Private Construction of Public Improvements and section 98-14. - Assurance for completion of Public Improvements.

5. FIRE DEPARTMENT:

   Fire hydrants shall be installed within 400 feet of all exterior portions of all structures. (2018 IFC 507.5.1)

6. PARKS & GREENWAYS:

   Did not respond in allotted time.

7. DEPARTMENT OF PUBLIC WORKS TRANSPORTATION ENGINEERING RIGHT-OF-WAY DIVISION:

Approved.

8. DEPARTMENT OF PUBLIC WORKS STORMWATER ENGINEERING DIVISION:

Site Description and Drainage Pattern

The property is in the **South Dry Sac** drainage basin. The property is not located in a FEMA designated floodplain. Staff **is not** aware of flooding problems in the local or downstream area. The city **is** aware of a sinkhole or other Karst feature at this location. The property **does not have a stream buffer on site.**
A fee in lieu of on-site stormwater detention **is not applicable because detention is already provided.**

The proposed preliminary plat meets Stormwater Requirements. Please note that development of the property will be subject to the following conditions at the time of development:

All chapter and section references below are to the City's Flood Control and Water Quality Protection Manual Version April 2022.

Detention and Discharge Requirements

1. The Proposed subdivision has Detention provided through a Regional Basin on the West side built as part of 7PW5979. The basin is in a Sinkhole Boundary and drainage area. The new subdivision is required to drain all runoff to the basin.

2. The Detention basin is in a Common Area and will be the responsibility of the property owner association to maintain.

Water Quality Requirements

1. Water Quality is required and provided through a Regional Basin on the West side built as part of 7PW5979.

2. A land disturbance permit will be required with disturbing 1 acre or greater per Chapter 4 Section 5 of the City's Flood Control and Water Quality Protection Manual.

Floodplain

N/A

Natural Channels and Stream Buffers

N/A

Sinkholes and Karst Features

1. The Subdivision is in the drainage area of Sinkhole 7054. The sinkhole was previously modified for providing an extended dry detention basin. The sinkhole boundary and buffer area are marked on the preliminary plat. No construction is authorized in the sinkhole boundary or buffer.

Additional Stormwater Requirements

N/A

9. DEPARTMENT OF PUBLIC WORKS TRAFFIC ENGINEERING DIVISION:

Access

All access to the development shall be per current City of Springfield standards for the street classification.

Trails, Bus Stops, And Additional Information

There are no Greenway Trails near the property. There are no bus stops near the property.

Improvements

The new street must be constructed to City of Springfield Local Street standards which includes sidewalk on one side. Public Improvement Plans are required to be submitted, approved and improvements constructed, or funds escrowed prior to approval of the final plat. A traffic study is not required at this time.

	Street Name	Street Classification	Jurisdiction	ROW from Centerline (ft.)		Traffic Count (vehicles per day)	On-Street Parking	Sidewalk	
				Required	Existing			Required	Existing
Street 1	E. Valley Water Mill Road	Secondary Arterial	City	35	35	NA	No	Yes	**No**
Street 2	New Local Street	Local	City	25	**0**	NA	No	Yes	**No**

DEVELOPMENT REVIEW STAFF REPORT

CONDITIONS FOR APPROVAL:

ATTACHMENT 2

Staff recommends the Planning and Zoning Commission approve the Preliminary Plat, with the conditions listed below:

1. All improvements shall be constructed in accordance with the “Design Standards for Public Improvements” of the Public Works Department and the maintenance and operation of such improvements shall be the responsibility of the developers unless approved by the Director of Public Works. All required sanitary sewer, street, sidewalk, and drainage plans shall be prepared in accordance with City standards and specifications and approved by the Director of Public Works.

2. All required street rights-of-way, drainage and utility easements and limitations of access shall be dedicated on the final plat.

3. The developer shall meet all city and state erosion control regulations prior to disturbing the soil.

4. It is determined that the public interest requires assurance concerning adequate maintenance of common space areas and improvements. The restrictive covenants, rules and bylaws creating the common ownership must therefore provide that if the owners of the Property Owners Association shall fail to maintain the common areas or improvements in reasonable order and condition in accordance with the approved plans, the City may, after notice and hearing, maintain the same and assess the costs against the units or lots, per the Common Open Space and Common Improvement Regulations section of the Zoning Ordinance.

5. The developer shall be responsible for the relocation costs of any existing utility services and shall be responsible for clearing all utility easements of trees, brush, and overhanging tree limbs.

6. All other requirements which are necessary for this subdivision to be in compliance with the Subdivision Regulations.

If the request is recommended for denial by the Commission and the applicant requests City Council consideration, all the above conditions, plus any amendments made by the Planning and Zoning Commission, shall be included in the Council Bill.

ATTACHMENT 3

PRELIMINARY PLAT
VALLEY WATER MILL ESTATES

A TRACT OF LAND OF LOT 5, OF THE NORTHEAST QUARTER OF
SECTION 6, TOWNSHIP 29 NORTH, RANGE 21 WEST OF THE 5TH P.M.,
CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI

NOTES:

1. BEARINGS REFERENCED TO GRID NORTH OF THE MISSOURI COORDINATE SYSTEM OF 1983, CENTRAL ZONE AND ELEVATIONS REFERENCED TO NAVD 1988 PER GPS OBSERVATIONS UTILIZING THE MODOT VRS RTK NETWORK.

2. UNDERGROUND STRUCTURES, FACILITIES AND UTILITIES HAVE BEEN PLOTTED FROM AVAILABLE SURVEYS AND RECORDS. THEREFORE, THEIR LOCATIONS MUST BE CONSIDERED APPROXIMATE ONLY. THERE MAY BE OTHERS, THE EXISTENCE OF WHICH IS PRESENTLY NOT KNOWN.

3. THIS SURVEY MEETS THE ACCURACY REQUIREMENTS FOR "URBAN" PROPERTY AS DEFINED BY THE MISSOURI STANDARDS FOR PROPERTY BOUNDARY SURVEYS.

4. NO INVESTIGATION HAS BEEN PERFORMED BY COCHRAN ENGINEERING AND SURVEYING REGARDING HAZARDOUS WASTE, UNDERGROUND CONDITIONS OR UTILITIES AFFECTING THE TRACT SHOWN HERON.

5. THIS SURVEY WAS EXECUTED WITHOUT A TITLE COMMITMENT AND IS SUBJECT TO ANY AND ALL EASEMENTS, RESTRICTIONS, CONDITIONS, ETC. OF RECORD.

6. THIS SURVEY DOES NOT CONSTITUTE A TITLE SEARCH BY THE LAND SURVEYOR.

7. ZONING: PD – PLANNED DEVELOPMENT. ZONING: PD – PLANNED DEVELOPMENT. SETBACKS AREA AS FOLLOWS: FRONT – 25 FEET SIDE – 10 FEET REAR – 10 FEET

THE ENTIRETY OF THIS PROPERTY LIES WITHIN "ZONE X", AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN. PER FLOOD INSURANCE RATE MAP FOR GREENE COUNTY, MISSOURI & INCORPORATED AREAS, PANEL 219 OF 506, COMMUNITY PANEL NUMBER 29077C0219E, EFFECTIVE DATE DECEMBER 17, 2010.

8. SITE BENCHMARK: MONUMENT GR-20 IN GREENE COUNTY, MO PUBLISHED ELEV. = 1277.09 (NAVD 88)

9. FIELDWORK WAS PERFORMED BY R.J.R. JUNE 12, 2023.

10. ⭘ – DENOTES FOUND MONUMENT AS NOTED.

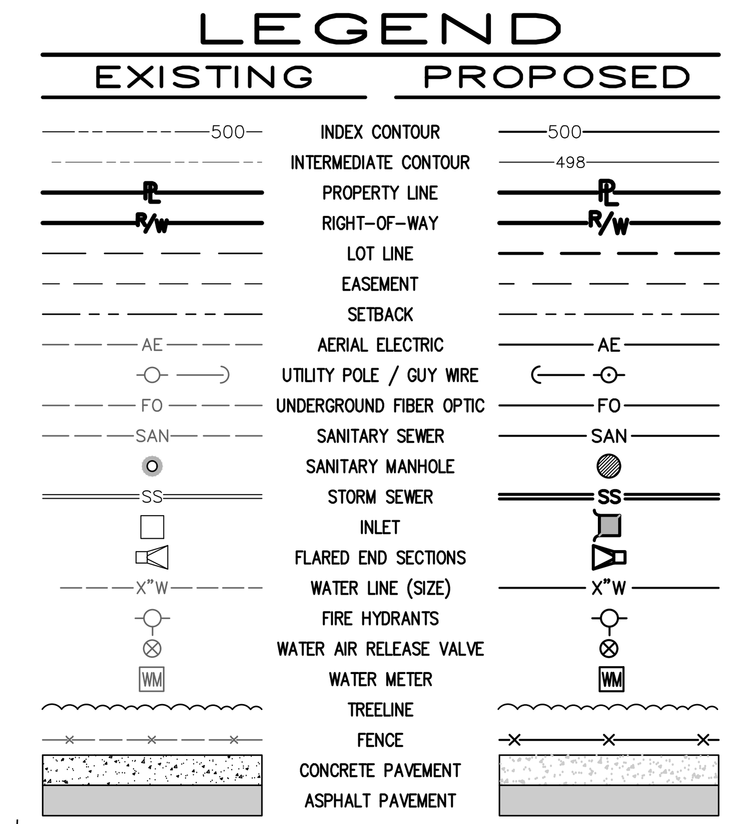
LINE TABLE

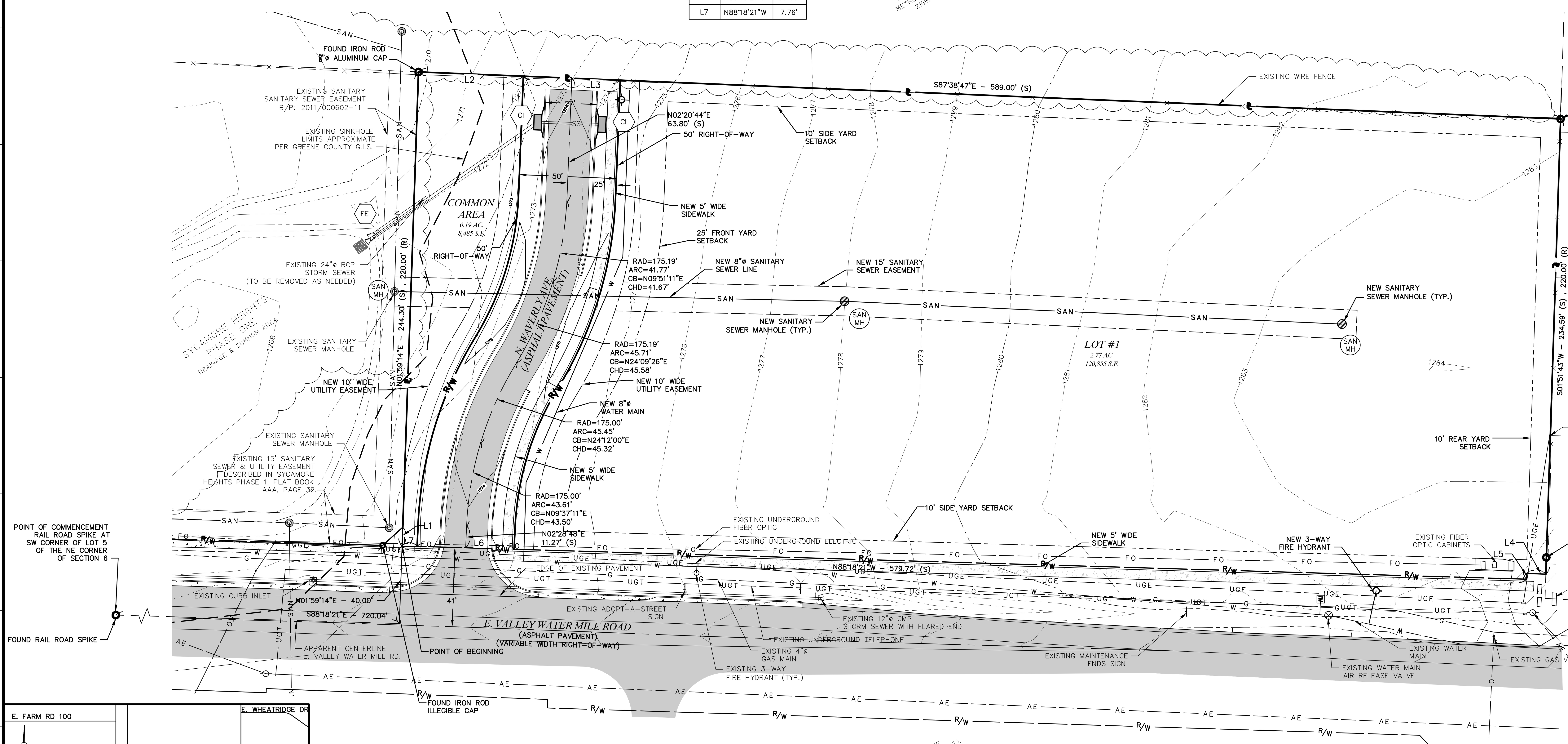
LINE #	DIRECTION	LENGTH
L1	N01°59'14"E	9.64'
L2	S87°38'47"E	54.07'
L3	S87°38'47"E	50.00'
L4	N88°18'21"W	9.79'
L5	S02°13'33"W	2.93'
L6	N88°18'21"W	50.00'
L7	N88°18'21"W	7.76'

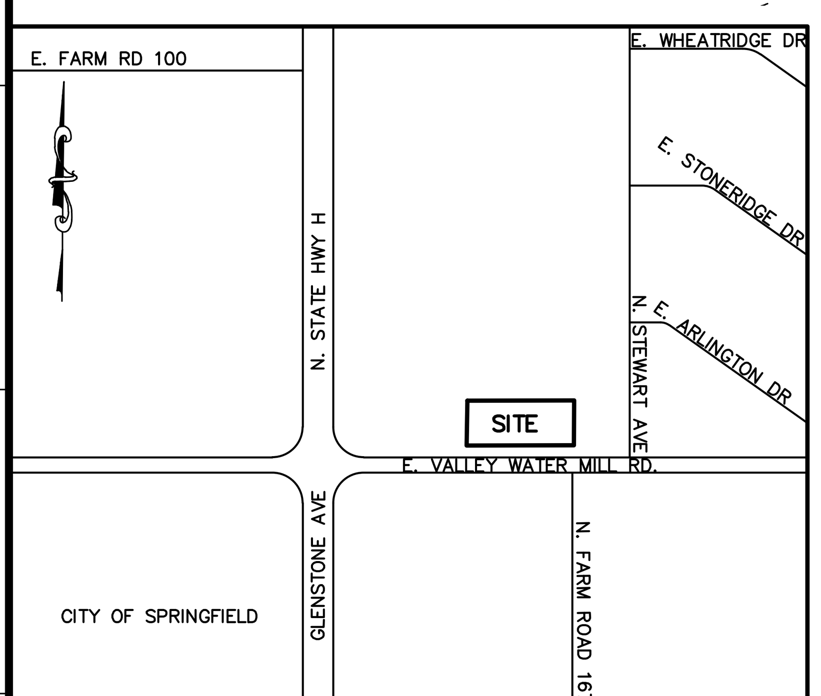
PRELIMINARY DRAWING

FOR REVIEW PURPOSES ONLY
NOT TO BE USED FOR CONSTRUCTION

SCALE: 1"=30'
JANUARY, 2024







LOCATION MAP
NO SCALE

PROPERTY DATA:

COMMON AREA	0.20 AC.±
LOT #1	2.77 AC.±
RIGHT OF WAY	0.29 AC.±
TOTAL	3.26 AC.±*

EXISTING ZONING

CITY OF SPRINGFIELD: PD - PLANNED DEVELOPMENT	3.26 AC.±
TOTAL	3.26 AC.±

ENGINEER/SURVEYOR
COCHRAN
2804 NORTH BIAGIO STREET
OZARK, MISSOURI 65721

OWNER
TRIPLE S PROPERTIES INC.
3800 S FREMONT AVE
SPRINGFIELD, MISSOURI 65804

STORM WATER NOTE:

1. THE AREA SHOWN HEREON IS NOT LOCATED IN A STORM SEWER DISTRICT AS OF THE DATE OF RECORDING AND MAY BE SUBJECT TO FUTURE ASSESSMENT COST IF INCLUDED IN FUTURE STORM WATER BENEFIT DISTRICT DEEMED NECESSARY RESULTING FROM PROBLEMS CREATED BY SURFACE WATER RUNOFF IS PRESENTLY BEING ACCOMMODATED BY STREET AND OPEN DRAINAGE FACILITIES.

2. ALL COMMON AREAS SHALL BE CONSIDERED DRAINAGE EASEMENTS. ALL COMMON AREAS ARE TO BE MAINTAINED BY THE PROPERTY OWNER ASSOCIATION. ALL DRAINAGE EASEMENTS ARE TO BE MAINTAINED BY THE PROPERTY OWNER.

SINK HOLE NOTE:

1. THE SINKHOLE-RELATED NON-BUILDABLE AREAS OR RESTRICTED FILL AREAS SHOWN ON THIS PLAN HAVE BEEN DETERMINED BASED ON THE STUDY AND RECOMMENDATION OF A PROFESSIONAL ENGINEER OR GEOLOGIST. HOWEVER, APPROVAL OF THIS PLAN IS NOT TO BE INTERPRETED AS ANY GUARANTEE THAT FUTURE SINKHOLE ACTIVITY WILL NOT OCCUR DUE TO EITHER NATURAL OR HUMAN ACTIVITIES.

2. ANY SINKHOLE-RELATED NON-BUILDABLE AREA IDENTIFIED HERE HAS BEEN DETERMINED TO BE UNSUITABLE FOR ANY CONSTRUCTION ACTIVITY, AND NO BUILDINGS, PARKING AREAS, LAND DISTURBANCE OR OTHER STRUCTURES SHALL BE PERMITTED WITHIN THIS AREA.

3. ANY SINKHOLE OR RESTRICTED FILL AREA IDENTIFIED HERE HAS BEEN DETERMINED TO BE UNSUITABLE FOR SOIL BEARING FOUNDATION, AND THE ENTIRE STRUCTURE OF ANY BUILDING (INCLUDING THE FLOOR SYSTEM) CONSTRUCTED THEREIN MUST BE FOUNDED ON SOLID ROCK, OR AS DETERMINED BY THE DIRECTOR OF BUILDING DEVELOPMENT SERVICES.

4. THE LOWEST ENCLOSED SPACE OF ANY STRUCTURE WITHIN OR ADJACENT TO A SINKHOLE FLOODING AREA SHALL BE A MINIMUM OF FIVE (5) FEET ABOVE THE FLOODING ELEVATION WHERE THERE IS NO OVERFLOW FROM THE SINKHOLE FROM THE CRITICAL FLOOD EVENT, OR ONE FOOT ABOVE THE FLOODING ELEVATION DETERMINED BY THE OVERFLOW ELEVATION CALCULATED FOR THE CRITICAL FLOOD EVENT, WHENEVER THE DIFFERENCE BETWEEN THE TOPOGRAPHIC RIM AND THE FLOODING ELEVATION IS LESS THAN FIVE (5) FEET.

OVERALL PARCEL DESCRIPTION:

A TRACT OF LAND BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 6, TOWNSHIP 29 NORTH, RANGE 21 WEST OF THE FIFTH P.M., CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, SAID TRACT ALSO BEING THOSE PARCELS CONVEYED TO TRIPLE S PROPERTIES INC. IN BOOK 2023, PAGE 10009–23 OF THE GREENE COUNTY RECORDER OF DEEDS OFFICE, SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING FROM AN EXISTING RAILROAD SPIKE AT THE SOUTHWEST CORNER OF LOT 5 OF THE NORTHEAST CORNER OF SAID SECTION 6, THENCE S88°13'08"E ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 720.04 FEET; THENCE N01°59'51"E TO A POINT ON THE NORTH RIGHT OF WAY LINE OF E. VALLEY WATER MILL ROAD (40' WIDE) FOR A POINT OF BEGINNING.

THENCE LEAVING SAID NORTH RIGHT OF WAY LINE N01°59'14"E FOR 244.30 FEET; THENCE S87°38'47"E 589.00 FEET; THENCE S01°51'43"W 234.59 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF E. VALLEY WATER MILL ROAD; THENCE ALONG SAID NORTH RIGHT OF WAY LINE N88°18'"W A DISTANCE OF 9.79 FEET; THENCE S02°13'33"W A DISTANCE OF 2.93; THENCE N88°18'21"W A DISTANCE OF 579.72 FEET TO THE POINT OF BEGINNING CONTAINING 141,931 SQUARE FEET OR 3.26 ACRES, MORE OR LESS, SUBJECT TO ANY AND ALL EASEMENTS, RESTRICTIONS, COVENANTS OF RECORD.

SURVEYOR'S CERTIFICATE:

I HEREBEY CERITFY THAT THIS PRELIMINARY PLAT MEETS THE REQUIREMENTS OF THE MISSOURI MINIMUM STANDARDS FOR LAND SURVEYING.

CB ENGINEERING INC.
DBA COCHRAN
LS-380

BY: STEVEN A. LAUNE P.L.S. #2007000079
STATE OF MISSOURI
PROFESSIONAL LAND SURVEYOR
FOR COCHRAN

COCHRAN
2804 North Biagio Street
Ozark, Missouri 65721
417-595-4108 (tel.)
417-595-4109 (fax)
mail@cochraneng.com
• Civil Engineering • Land Surveying • Architecture • Site Development • General Consulting • Master Planning
Missouri State Certificate of Authority Numbers:
Engineering : 2017032025

Three working days prior to the start of any excavation on this site, contractor shall call 1-800-DIG-RITE for utility location information.

All OSHA rules & regulations established for the type of construction required by these plans shall be strictly followed (ie. Trenching, Blasting, etc.)

STATE OF MISSOURI
STEVEN A. LAUNE
NUMBER PLS-2007000079
PROFESSIONAL LAND SURVEYOR

SITE IMPROVEMENTS
VALLEY WATER MILL ESTATES
SPRINGFIELD, MISSOURI

DATE:	REVISION:	DWN. BY:	APPD. BY:

PRELIMINARY PLAT

DWN. BY: EDD	APP'D. BY: TES
DATE: JAN. 31, 2024	
SCALE: 1"=30'	
PROJ. NO: SW23-546	
DWG. NO: 1 OF 1	

DWG NAME: W:\SW-Projects\SW23-546 - Seitz Valley Water Mill Rd Springfield\AutoCad Drawings\SW23-546 - Plan Sheets\EAST\PRELIMINARY PLAT 1.dwg LAYOUT TAB: T2 PLOTTED ON: Feb 02, 2024 - 8:17am PLOTTED BY: tschowe

EXPLANATION TO COUNCIL BILL 2024-050 (MCGULL)

FILED: 03/12/2024

ORIGINATING DEPARTMENT: Planning and Development

TITLE: A special ordinance authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of MHC Kenworth Addition, generally located at 5500 East Farm Road 104, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (By: M-H Property Enterprises, LLC; 5500 East Farm Road 104; Preliminary Plat of MHC Kenworth Addition).

PURPOSE: Authorizing the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, Missouri, as shown on the Preliminary Plat of MHC Kenworth Addition, generally located at 5500 East Farm Road 104 upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance. (Staff recommends that City Council accept the public streets and easements.)

BACKGROUND INFORMATION:
A. An original Preliminary Plat of MHC Kenworth Addition dated January 31st, 2024, is on file in the Department of Planning and Development. A reduced version of which is included for general reference in Exhibit B, Attachment 3.

B. The Planning and Zoning Commission held a public hearing on February 15th, 2024, and approved the Preliminary Plat by a vote of 7 to 0, subject to the following conditions:

1. All improvements shall be constructed in accordance with the “Design Standards for Public Improvements” of the Public Works Department and the maintenance and operation of such improvements shall be the responsibility of the developers unless approved by the Director of Public Works. All required sanitary sewer, street, sidewalk, and drainage plans shall be prepared in accordance with City standards and specifications and approved by the Director of Public Works.

2. All required street rights-of-way, drainage and utility easements and limitations of access shall be dedicated on the final plat.

3. The developer shall meet all city and state erosion control regulations prior to disturbing the soil.

4. It is determined that the public interest requires assurance concerning adequate maintenance of common space areas and improvements. The restrictive covenants, rules and bylaws creating the common ownership must therefore provide that if the owners of the Property Owners Association shall fail to maintain the common areas or improvements in reasonable order and condition in accordance with the approved plans, the City may, after notice and hearing, maintain the same and assess the costs against the units or lots, per the Common Open Space and Common Improvement Regulations section of the Zoning Ordinance.

5. The developer shall be responsible for the relocation costs of any existing utility services and shall be responsible for clearing all utility easements of trees, brush, and overhanging tree limbs.

6. All other requirements which are necessary for this subdivision to be in compliance with the Subdivision Regulations.

All required improvements shall be the sole responsibility of the sub-divider. As prescribed by Section 36-233 of the Subdivision Regulations, the improvements shall be made or guaranteed by means of bond, escrow agreement, letter of credit or other appropriate security agreement. Release of the final plat for recording shall be withheld until the sub-divider has complied with this section.

Section 36-226 of the Subdivision Regulations requires that a final plat be submitted within two years of City Council's acceptance of the public streets and easements.

Attached for Council information is a sketch showing the location of the plat area, an exhibit showing the proposed plat, and a copy of the Planning and Development Department staff report to the Planning and Zoning Commission.

The *Comprehensive Plan's Land Use & Development* chapter groups this area into the Business Flex Placetype. This placetype includes areas with an eclectic mix of light industrial, office, storage, warehouse, and distribution centers, complemented by the occasional commercial sales and services. Business Flex areas are located on secondary roadways, where good street connectivity and access to major roadways and distribution routes can be easily accessed. Located in expanded areas adjacent to higher, more intense industrial uses and city corridors, Business Flex provide support services, sales, service, and supply of goods to consumers and contractors, where high visibility road frontage is not a priority. Planning for this placetype focuses on ensuring Business Flex operations have sufficient land available to expand and grow, while not dominating corridors where high visibility, retail frontage is prioritized. (p. 50, Chapter 5: Land Use & Development)

The proposed plat promotes the Business Flex objective of street connectivity as it extends Bucee's Boulevard and directs it to intersect with Farm Road 104. The lots in

the subdivision only have direct access to secondary roadways but are within a short distance of the major roadways of I-44, Farm Road 104, and Beaver Road. Farm Road 104 is a secondary arterial west of Beaver Road and Beaver Road is a primary arterial. This property is a substantial size and is adjacent to property on three sides that is also identified as the Business Flex placetype. This allows for potential expansion or development of compatible uses once annexed into the city and appropriately zoned. The subdivision of the property will allow for diversity in ownership and continued development along the interstate corridor.

REMARKS: Staff recommends approval.

Submitted By: Andrew Menke, Senior Planner

Authorized for inclusion on the agenda pursuant to City Code section 2-33:

Attachments:
1. Preliminary Plat of MHC Kenworth_ord
2. ROP_exhA
3. Staff Report_exhB

One-rdg. _____
P. Hrngs. _____
Pgs. 19
Filed: 03-05-24

Sponsored by: McGull

First Reading: _____ Second Reading: _____

COUNCIL BILL 2024-050 SPECIAL ORDINANCE _____

AN ORDINANCE

AUTHORIZING the Director of Planning and Development to accept the dedication of public streets and easements to the City of Springfield, as shown on the Preliminary Plat of MHC Kenworth Addition, generally located at 5500 East Farm Road 104, upon the applicant filing and recording a final plat that substantially conforms to the preliminary plat; and authorizing the City Clerk to sign the final plat upon compliance with all the terms of this Ordinance.

WHEREAS, an original Preliminary Plat of MHC Kenworth Addition, dated January 31, 2024, is on file with the City's Department of Planning and Development; and

WHEREAS, the Planning and Zoning Commission of the City of Springfield, Missouri, held a public hearing and conditionally approved the Preliminary Plat of MHC Kenworth Addition, which is generally located at 5500 East Farm Road 104, on February 15, 2024, a copy of the Record of Proceedings from said public hearing being attached hereto and incorporated herein by this reference as "Exhibit A."

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – City Council hereby authorizes the Director of Planning and Development, on behalf of the City of Springfield, to accept the land, easements, and improvements dedicated to the City, as shown on the Preliminary Plat of MHC Kenworth Addition, which is generally located at 5500 East Farm Road 104, as approved by the Planning and Zoning Commission. The original plat of MHC Kenworth Addition is on file in the Department of Planning and Development ("Approved Preliminary Plat"), a reduced version of which is attached hereto for general reference as "Exhibit B – Attachment 3." All of "Exhibit B," including attachments, is incorporated herein by this reference.

Section 2 – The Director of Planning and Development shall be authorized to

accept the land, easements, and improvements dedicated to the City, as shown on said plat, upon the applicant filing and recording a final plat in accordance with this Ordinance and the Subdivision Regulations of the City, which final plat shall substantially conform to the Approved Preliminary Plat, including those conditions described in "Exhibit B – Attachment 2," and upon the Director of Public Works certifying to the Director of Planning and Development and the City Clerk that the public improvements have been made in accordance with City standards and specifications. Said public improvements shall not be accepted until the occurrence of all conditions referenced herein and in "Exhibit B – Attachment 2."

Section 3 – The final plat shall not be recorded until: (1) the public improvements relating to the Approved Preliminary Plat have been constructed according to the specifications of the City of Springfield, Missouri, and are approved by the Director of Public Works, and all engineering fees, permit fees, licenses, and other fees occasioned by or in connection with the construction of said improvements have been paid to the City; or (2) in lieu of the construction of the improvements, that the Applicant has filed with the City Manager, according to the terms of the Subdivision Regulations of the City, the prescribed financial assurances in a form acceptable to the City to ensure the construction of the improvements and the payment to the City of all engineering fees, permit fees, licenses, and other fees occasioned by, or which will be occasioned by, the construction of the improvements.

Section 4 – Upon compliance with all the requirements of this Ordinance, including the conditions described in "Exhibit B – Attachment 2," the City Clerk is hereby authorized to endorse City Council's approval upon the final plat pursuant to Section 445.030, RSMo., and such endorsement shall constitute the acceptance of the Public Improvements contained therein.

Section 5 – This Ordinance shall be in full force and effect from and after its passage.

Passed at meeting: _____

_____
Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Laura Vales, Assistant City Attorney

Approved for Council action Jason A. Gage, City Manager

EXHIBIT A

RECORD OF PROCEEDINGS
Planning and Zoning Commission – February 15, 2024

Preliminary Plat of MHC Kenworth Addition
5500 East Farm Road 104
Applicant: M-H Property Enterprises, LLC

Mr. Menke stated that this is a request to approve a preliminary plat for a 2-lot subdivision.

Mr. Knuckles asked about the signs for no trucks and then the sale of trucks at the end of the road.

Mr. Zickefoose noted that Buc-ee's does not control or have jurisdiction over Beaver Road/Buc-ee's Blvd. Access will be off Buc-ee's Boulevard but no direct access to Farm Road 104. There was a traffic impact study and they have accepted the primary service for the tractors and improvement will made to the corner for tractor trailers to turn right.

Further discussion about Beaver Road and Farm Road 104. The intersection of these streets and the full length of Farm Road 104 are under the jurisdiction of Greene County.

Mr. Tyler Wysong, 5210 Meadowsweet Lane, St. Louis noting that they have worked closely with staff and agree with the recommendations.

Ms. Broekhoven closed the public hearing.

COMMISSION ACTION:
Planning and Zoning Commission Board Member Knuckles moved to approve Preliminary Plat of MHC Kenworth Addition, Commissioner Pauly seconded the motion. It was **Passed** with the following vote: Ayes: Commissioner Ridge, Commissioner Broekhoven, Commissioner Gunther, Commissioner Pauly, Commissioner Lebeck, Commissioner Colony, Commissioner Knuckles. Nays: None. Absent: Commissioner Scott. Abstain: None.

Bob Hosmer, AICP
Planning Manager

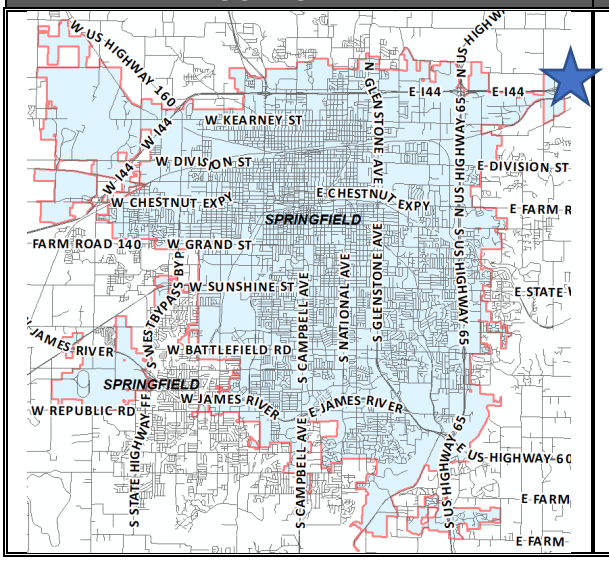
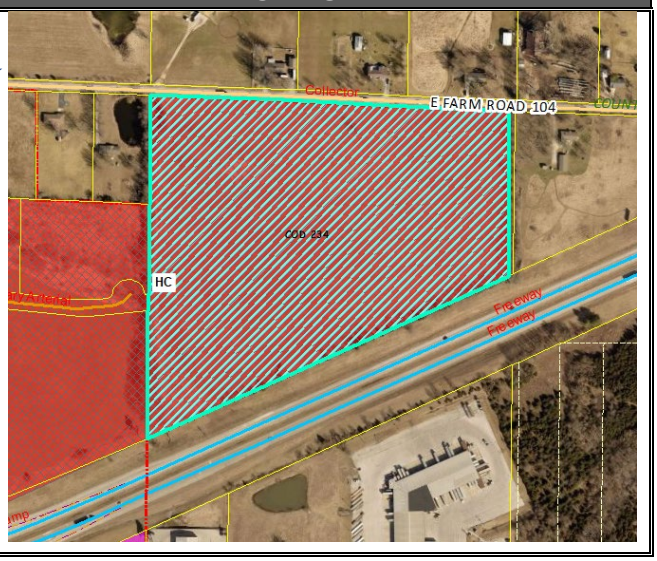
EXHIBIT B

DEVELOPMENT REVIEW STAFF REPORT

PROJECT INFORMATION	
Case Number:	Preliminary Plat of MHC Kenworth Addition
Location:	5500 East Farm Road 104
Total Acres:	28.2 acres
Applicant:	M-H Property Enterprises, LLC
Existing Land Use:	Undeveloped
Neighborhood Meeting:	N/A
Planning and Zoning Commission:	February 15, 2024
City Council:	March 11, 2024
Public Notification:	Posted property
Staff:	Andrew Menke, Senior Planner, (417) 864-1613
Staff recommendation:	Staff recommends approval
Proposed motion:	Move to approve the preliminary plat of MHC Kenworth Addition subject to the conditions listed in Attachment 2 of the staff report. (All commission motions are made in the affirmative.)
Required Vote:	A majority of those present (5 members are a quorum).

PROJECT SUMMARY:

Request to subdivide approximately 28.2 acres of property generally located at 5500 East Farm Road 104 into two (2) commercial lots to facilitate the development of the site.

LOCATION MAP	ZONING MAP
	

DEVELOPMENT REVIEW STAFF REPORT

GOOGLE AERIAL OF LANDMARKS, BUSINESSES, AND ATTRACTIONS:

GOOGLE MAPS STREET VIEW:

DEVELOPMENT REVIEW STAFF REPORT

PROPERTY HISTORY:

The subject property was annexed into the city on August 21, 2023. On this date the property was rezoned from County A-1, Agricultural to a HC, Highway Commercial District with Conditional Overlay District 234.

PLANNING AND ZONING COMMISSION AUTHORITY:

Sec. 36-226. - Major subdivision review procedure.

(3) Preliminary plat.

(a) After participating in the pre-subdivision review with city staff, the subdivider may prepare a preliminary plat, together with supplementary material as prescribed in section 36-263.

(b) Copies of the preliminary plat and supplementary materials specified, together with a fee for administrative handling and processing in the amount prescribed by ordinance, shall be submitted to the director of planning and development with written application for approval. Upon determination that the application is complete, the director shall place the application on the agenda of the commission at a regular meeting not later than the second such meeting following the date of the filing of the application.

(c) The commission shall hold a public hearing on the preliminary plat. Notice of the public hearing shall be made in accordance with city ordinance and the rules of the commission.

(d) The commission shall review the preliminary plat and supporting material, recommendations from agencies or officials, and testimony and exhibits submitted at the public hearing. The commission shall approve, conditionally approve, or disapprove the preliminary plat and if approved, the commission shall express its approval and state the conditions of such approval, if any, or if disapproved, shall express its disapproval and its reasons, therefore. In any case, a notation of the action taken, and the reasons, therefore, shall be entered in the records of the commission.

(e) If approved by the commission or approved with conditions acceptable to the applicant, then the director of planning and development shall forward the preliminary plat to the city council for its approval. Council shall determine if the land or easement proposed to be dedicated by the applicant for public use or if the public improvements shall be accepted by the city. If the city council determines that the location of the land to be dedicated for public use or the location of public improvements is appropriate and complies with applicable ordinances then the city council shall authorize the acceptance of the dedication of the land or easements upon the applicant filing and recording a final plat which substantially conforms to the preliminary plat and shall authorize the acceptance of the public improvements upon the director of public works certifying to the director of planning and development and the city clerk that the public improvements have been made in accordance with city standards and specifications.

(f) If approved with modifications which are not acceptable to the applicant or if disapproved, the director of planning and development shall attach to the plat a statement of reasons for such action and return it to the subdivider.

(g) Actions by the commission regarding the preliminary plat are final unless such action is appealed by the subdivider to the city council within 90 days of the action by the commission.

(h) Effective period of preliminary approval.

1. The approval of a preliminary plat shall be effective for a period of two years. The application for final plat approval must be submitted to the department of planning and development within the two-year period. Any plat not submitted within the two-year limit shall be null and void except as provided in subparagraph 2. below.
2. The planning and zoning commission may at its discretion and upon application by the subdivider extend the effective period of preliminary approval by two years, one time. All other submittals shall be considered a new preliminary plat and subject to applicable reviews.

DEVELOPMENT REVIEW STAFF REPORT

ZONING ORDINANCE REQUIREMENTS:

CODE ITEM	REQUIREMENTS FOR HIGHWAY COMMERCIAL
Minimum lot dimension requirements	36 feet of frontage along a public street
Maximum structure height	None, except that all structures shall remain below a 30-degree bulk plane as measured from the boundary of any R-SF or R-TH district.
Front yard setback	15 feet along local streets 25 feet along Collector streets or higher
Side and rear yard setback	None, except as required by section 36-453, supplemental open space and yard regulations, and the buffer yard requirements in subsection 36-422(8)
Street Classification	E Farm Road 104 – Collector E Bucee's Boulevard – Non-Residential Local
Sidewalks	Along the property frontage of E Farm Road 104 and the proposed E Bucee's Boulevard there are no existing sidewalks. Sidewalks are required along both streets.
Open Space Requirements	Not less than 20 percent of the gross site area.

COMPATIBILITY WITH COMPREHENSIVE PLAN:

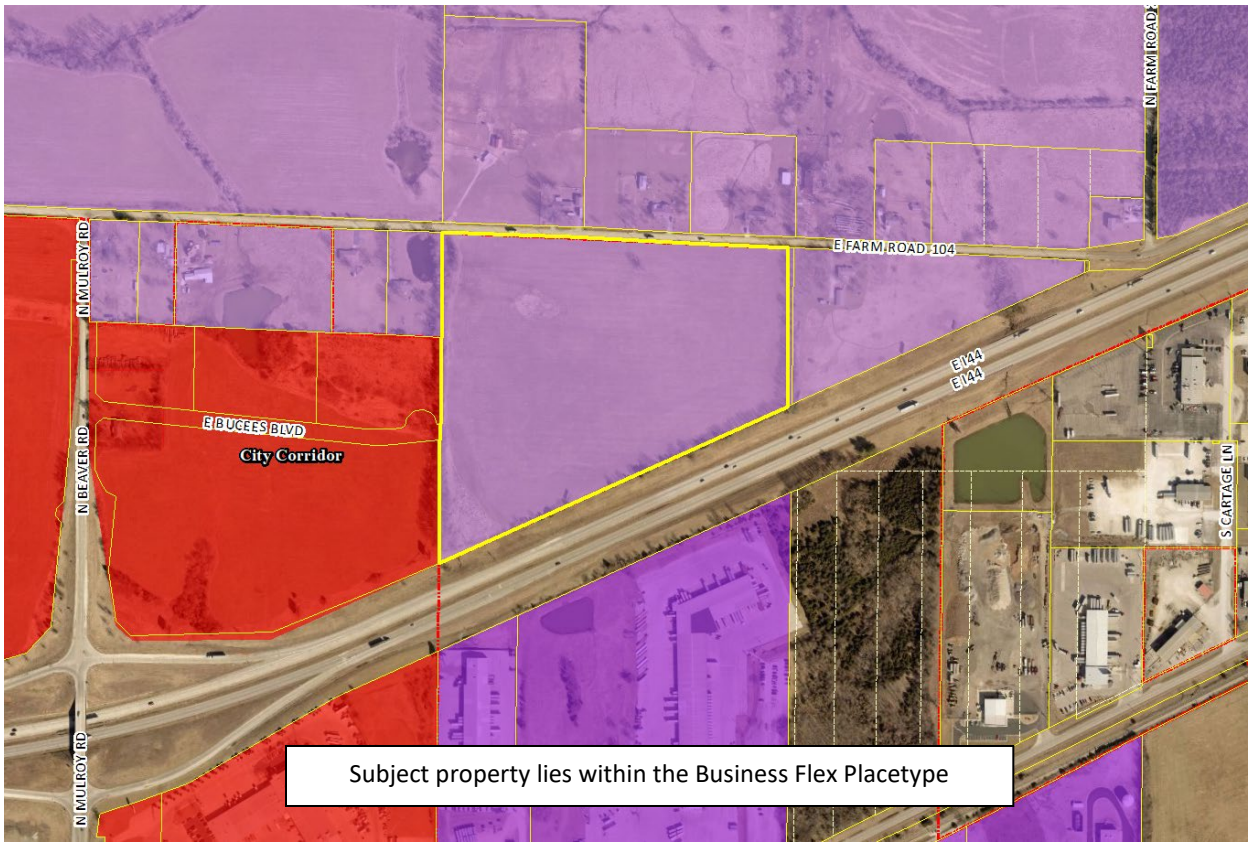
PLACETYPE: BUSINESS FLEX

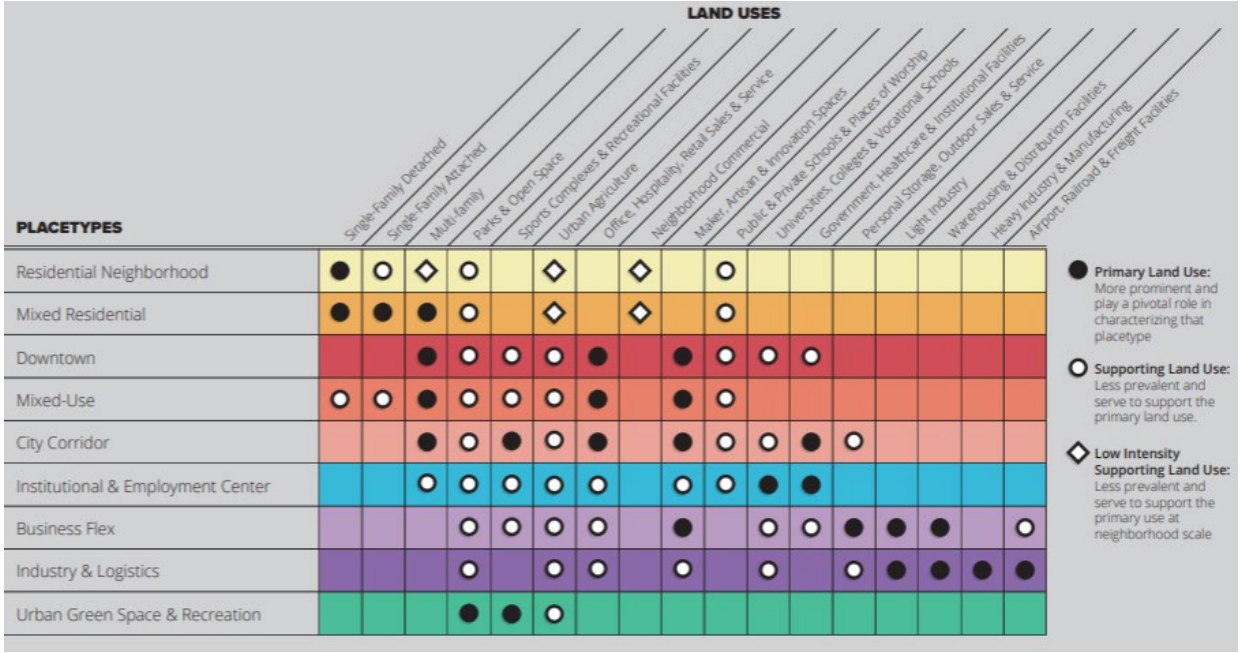
The *Comprehensive Plan's Land Use & Development* chapter groups this area into the Business Flex Placetype. This placetype includes areas with an eclectic mix of light industrial, office, storage, warehouse, and distribution centers, complemented by the occasional commercial sales and services. Business Flex areas are located on secondary roadways, where good street connectivity and access to major roadways and distribution routes can be easily accessed. Located in expanded areas adjacent to higher, more intense industrial uses and city corridors, Business Flex provide support services, sales, service, and supply of goods to consumers and contractors, where high visibility road frontage is not a priority. Planning for this placetype focuses on ensuring Business Flex operations have sufficient land available to expand and grow, while not dominating corridors where high visibility, retail frontage is prioritized. (p. 50, *Chapter 5: Land Use & Development*)

The proposed plat promotes the Business Flex objective of street connectivity as it extends Bucee's Boulevard and directs it to intersect with Farm Road 104. The lots in the subdivision only have direct access to secondary roadways but are within a short distance of the major roadways of I-44, Farm Road 104, and Beaver Road. Farm Road 104 is a secondary arterial west of Beaver Road and Beaver Road is a primary arterial. This property is a substantial size and is adjacent to property on three sides that is also identified as the Business Flex placetype. This allows for potential expansion or development of compatible uses once annexed into the city and appropriately zoned. The subdivision of the property will allow for diversity in ownership and continued development along the interstate corridor.

DEVELOPMENT REVIEW STAFF REPORT

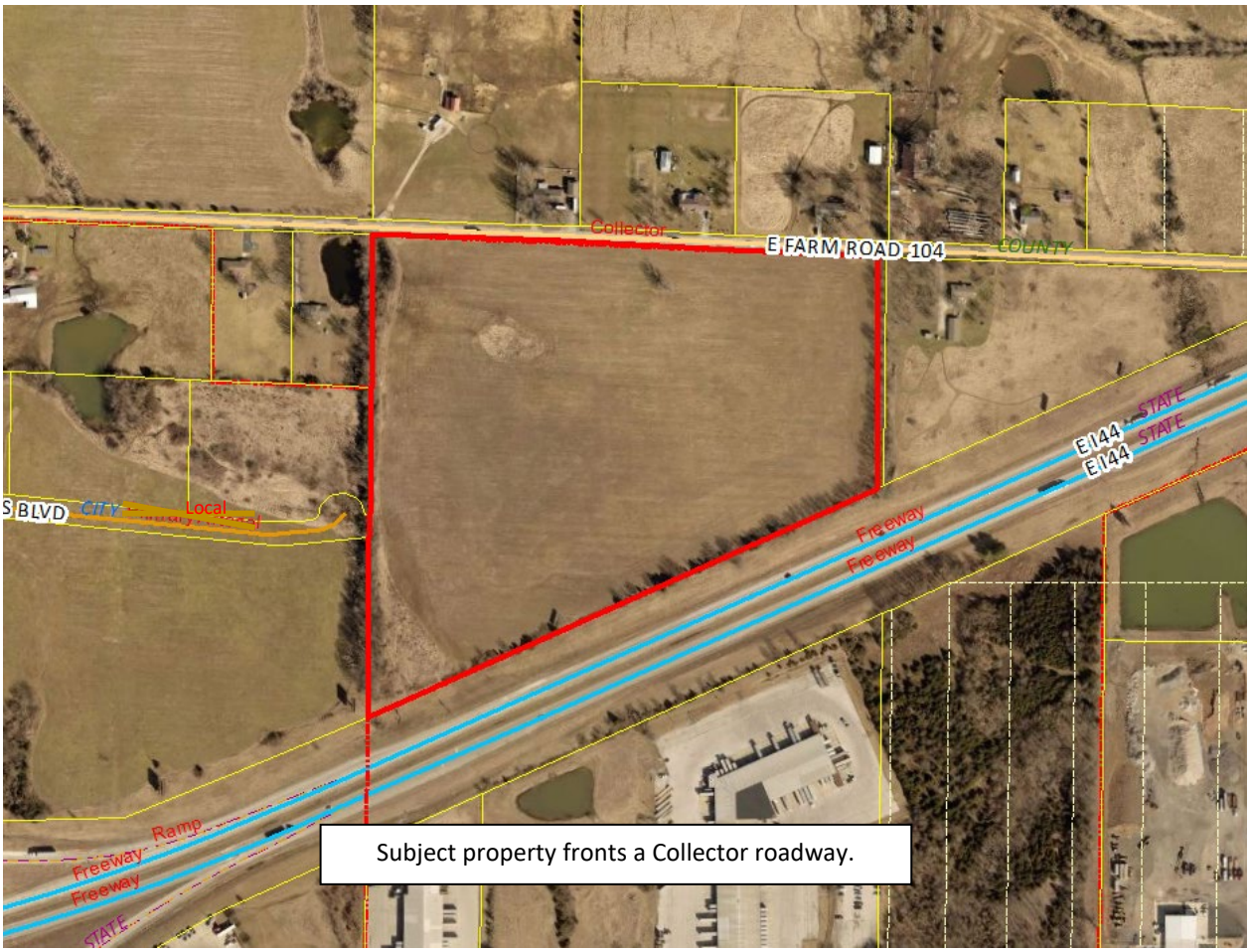
FUTURE PLACETYPE MAP:





DEVELOPMENT REVIEW STAFF REPORT

MAJOR THOROUGHFARE MAP:



SURROUNDING ZONING, LAND USES AND PLACETYPES:

	NORTH	SOUTH	EAST	WEST
ZONING	County R-1	County M-1	County M-1	HC w/ COD 203 & County R-1
LAND USE	Residential	Industrial	Residential	Commercial & Residential
PLACETYPES	Business Flex	Industry & Logistics	Business Flex	City Corridor & Business Flex

DEVELOPMENT REVIEW STAFF REPORT

STAFF ANALYSIS AND RECOMMENDATION:

1. The applicant is proposing to subdivide approximately 28.2 acres into a two (2) lot subdivision named “MHC Kenworth Addition”.

2. All lots meet the minimum dimension requirements of the City’s subdivision regulations and for the Highway Commercial District.

3. If Planning and Zoning Commission approves the preliminary plat, then the plat will be forwarded to City Council for acceptance of public streets and easements. An approved preliminary plat is active for two (2) years.

4. The proposed preliminary plat was reviewed by City departments and comments are contained in ***Attachment 1.*** Conditions of Approval are provided in ***Attachment 2.*** The Preliminary Plat drawing can be found in ***Attachment 3.***

STAFF RECOMMENDATION:

1. The proposed subdivision is consistent with the *Land Use and Development Element of the Comprehensive Plan* and all proposed lots meet the subdivision regulations and the Highway Commercial District.

2. Staff recommends approval as submitted in the staff report.

PLANNING AND ZONING COMMISSION OPTIONS:

The commission shall review the preliminary plat and supporting material, recommendations from agencies or officials, and testimony and exhibits submitted at the public hearing.

1. The commission shall approve the preliminary plat.

2. The commission shall conditionally approve the preliminary plat.

3. The commission shall disapprove the preliminary plat.

PUBLIC NOTIFICATION AND COMMENTS:

The property was posted by the applicant at least 10 days prior to the public hearing.

No comments were received by citizens for this case at the time of publication.

DEVELOPMENT REVIEW STAFF REPORT

DEPARTMENT COMMENTS:

ATTACHMENT 1

1. CITY UTILITIES:

No issues generally with preliminary plat. Both lots would have access to Electric/Gas/Water. CU may desire to extend utilities along Bucee's Blvd. If so, a 10 ft easement along both sides of the public ROW may be needed.

2. DEPARTMENT OF PUBLIC WORKS CONSTRUCTION INSPECTION DIVISION:

Approved.

3. DEPARTMENT OF ENVIRONMENTAL SERVICES WASTEWATER MANAGEMENT DIVISION:

Plat is approvable. Public sewer is available to each lot. Comments were addressed.

4. FIRE DEPARTMENT:

All water supplies, fire access, and fire protection systems shall comply with 2018 IFC.

5. DEPARTMENT OF PUBLIC WORKS STORMWATER ENGINEERING DIVISION:

Site Description and Drainage Pattern

5500 E Farm Road 104 is a 28-acre property that is approximately 0% existing impervious area. The site drains to the NW along E Farm Road 104. A culvert under I44 discharges to the property from I44 and the South side properties. No existing detention or water quality Stormwater Control Measures are present. The property is in the **South Dry Sac** drainage basin. The property **is not** located in a FEMA designated floodplain. Staff **is not** aware of flooding problems in the local or downstream area. The city **is not** aware of a sinkhole or other Karst feature at this location. The property **does not have a stream buffer on site.**
A fee in lieu of on-site stormwater detention **will not be allowed, and detention is required.**

Please note that development of the property will be subject to the following conditions at the time of development:

All chapter and section references below are to the City's Flood Control and Water Quality Protection Manual Version April 2022.

Detention and Discharge Requirements

1. Any development or redevelopment that increases runoff, through the increase in impervious surface, current detention requirements must be met per Chapter 3 Sec. 2.3.3. No fee in lieu of detention application is permissible.

2. The culvert from I44 is discharging from the SW corner of the property. During Public Improvements this culvert will need to connect through piping to the Curb Inlet on Bucee's Boulevard to transfer the runoff along the existing public infrastructure. This was a

requirement for the Cottles Range Subdivision creation due to the runoff always draining in that direction.

Water Quality Requirements

1. Water Quality is required for new development projects or redevelopment projects, with new or increased impervious surfacing, within the city limits of Springfield that disturb 1 acre or greater. Including projects less than 1 acre that are part of a larger common plan of development or sale that will disturb 1 or more acres over the life of the project. Chapter 10 Sec. 2.0.

2. A land disturbance permit will be required with disturbing 1 acre or greater per Chapter 4 Section 5 of the City's Flood Control and Water Quality Protection Manual.

Floodplain

N/A

Natural Channels and Stream Buffers

N/A

Sinkholes and Karst Features

N/A

Additional Stormwater Requirements

1. Operation and maintenance agreements are required for any permanent stormwater control measures. O&M will need to be approved during the process and will be reviewed by ES-Water Quality per Chapter 12 Sec. 3.0.
    a. As-builts of the detention and water quality improvements are required. We would like the following as-built notes on the plans:

       The Engineer of record is required to submit an as-built certification of the stormwater control measures upon completion of the project. The contractor shall coordinate with the Engineer to identify the list of stormwater control measures requiring certification and coordinate during construction to allow the Engineer to make any observations necessary during construction to certify the measures.

6. MISSOURI DEPARTMENT OF TRNASPORTATION (MoDOT):

   Approved

7. DEPARTMENT OF PUBLIC WORKS TRAFFIC ENGINEERING DIVISION:

   Access

   All access to the development shall be per current City of Springfield standards for the street classification.

Trails, Bus Stops, And Additional Information

There are no Greenway Trails near the property. There are no bus stops near the property.

Improvements

The extension of Bucee's Blvd must be constructed to City of Springfield street standards for the street classification. Public Improvement Plans are required to be submitted, approved and improvements constructed, or funds escrowed prior to approval of the final plat. A traffic study has been completed and accepted by the city. No capacity improvements are identified in the traffic study due to the addition of development traffic to the street network. Widening is required in the southeast corner of the Beaver Rd and Buc-ee's Blvd intersection to allow a WB-67 truck with a trailer to make the northbound right-turn movement without encroaching on the westbound lanes. No other improvements are required.

	Street Name	Street Classification	Jurisdiction	ROW from Centerline (ft.)		Traffic Count (vehicles per day)	On-Street Parking	Sidewalk	
				Required	Existing			Required	Existing
Street 1	E. Farm Road 104	Collector	County	30	**20**	NA	No	Yes	**No**
Street 2	E. Bucee's Boulevard	Non-Residential Local	City	30	**0**	NA	No	Yes	**No**

DEVELOPMENT REVIEW STAFF REPORT

CONDITIONS FOR APPROVAL:

ATTACHMENT 2

Staff recommends the Planning and Zoning Commission approve the Preliminary Plat, with the conditions listed below:

1. All improvements shall be constructed in accordance with the “Design Standards for Public Improvements” of the Public Works Department and the maintenance and operation of such improvements shall be the responsibility of the developers unless approved by the Director of Public Works. All required sanitary sewer, street, sidewalk, and drainage plans shall be prepared in accordance with City standards and specifications and approved by the Director of Public Works.

2. All required street rights-of-way, drainage and utility easements and limitations of access shall be dedicated on the final plat.

3. The developer shall meet all city and state erosion control regulations prior to disturbing the soil.

4. It is determined that the public interest requires assurance concerning adequate maintenance of common space areas and improvements. The restrictive covenants, rules and bylaws creating the common ownership must therefore provide that if the owners of the Property Owners Association shall fail to maintain the common areas or improvements in reasonable order and condition in accordance with the approved plans, the City may, after notice and hearing, maintain the same and assess the costs against the units or lots, per the Common Open Space and Common Improvement Regulations section of the Zoning Ordinance.

5. The developer shall be responsible for the relocation costs of any existing utility services and shall be responsible for clearing all utility easements of trees, brush, and overhanging tree limbs.

6. All other requirements which are necessary for this subdivision to be in compliance with the Subdivision Regulations.

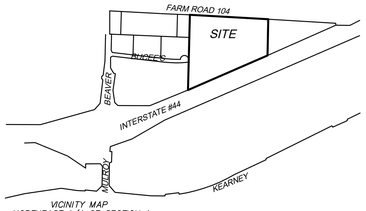
If the request is recommended for denial by the Commission and the applicant requests City Council consideration, all the above conditions, plus any amendments made by the Planning and Zoning Commission, shall be included in the Council Bill.

SCALE: 1"=150'

0' 150' 300'

GRID NORTH
BASED ON THE MoDOT
RTK USERS NETWORK

SYMBOL INDEX
- EXISTING IRON PIN (AS NOTED)
- EXISTING R/W MARKER POST
- SET 1/2" IRON PIN "WLS LSC 370"
- GAS LINE MARKER POST
- MAILBOX
- UTILITY POLE
- MANHOLE
- PEDESTAL
- WIRE FENCE
- OVERHEAD UTILITY LINE
- BURIED GAS LINE (BASED ON MARKER POSTS)
- BURIED SANITARY SEWER LINE



VICINITY MAP
NORTHEAST 1/4 OF SECTION 1,
TOWNSHIP 29 NORTH, RANGE 21 WEST

PRELIMINARY PLAT OF

MHC KENWORTH ADDITION

PROJECT LOCATION: 5500 E. FARM ROAD 104
GREENE COUNTY, MISSOURI

LOCATED IN THE WEST 1/4 OF LOT 3, FRACTIONAL NE/4 OF
SECTION 1, TOWNSHIP 29N, RANGE 21W

OWNER / DEVELOPER

M-H PROPERTY ENTERPRISES, LLC

11120 TOMAHAWK CREEK PARKWAY
LEAWOOD, KS 66211

WHITE LAND SURVEYING, LLC
222 OLD TOWN RD.
BILLINGS, MISSOURI
PHONE: 417.732.0005
email: info@whitelandsurvey.com
www.whitelandsurvey.com

SURVEY DATE: 05.26.2023
DWG DATE: 01.31.2024
DRAWN BY: MW
S/T/R: 01/30/21
PROJECT No.: 2023-105

PLAT NOTES

1. PROPERTY ZONING: HC – HIGHWAY COMMERCIAL W/COD #234

2. TOTAL NUMBER OF LOTS: 2
– LARGEST LOT: LOT 2 (±24.2 ACRES)
– SMALLEST LOT: LOT 1 (±2.7 ACRES)

3. SETBACKS PER ZONING:
– FRONT: 25'
– REAR: NONE
– SIDE" NONE

4. OPEN SPACE REQUIREMENTS: NOT LESS THAN 20% SHALL BE DEVOTED TO OPEN SPACE, INCLUDING REQUIRED YARDS AND BUFFERYARDS

5. MAXIMUM IMPERVIOUS SURFACE SHALL NOTE EXCEED 80%

6. SOURCE OF UTILITIES:
– WATER: CITY UTILITIES
– GAS: CITY UTILITIES
– SEWER: CITY OF SPRINGFIELD

7. THE DEVELOPER ELECTS TO PAY FEE IN LIEU OF INSTALLING PUBLIC SIDEWALK

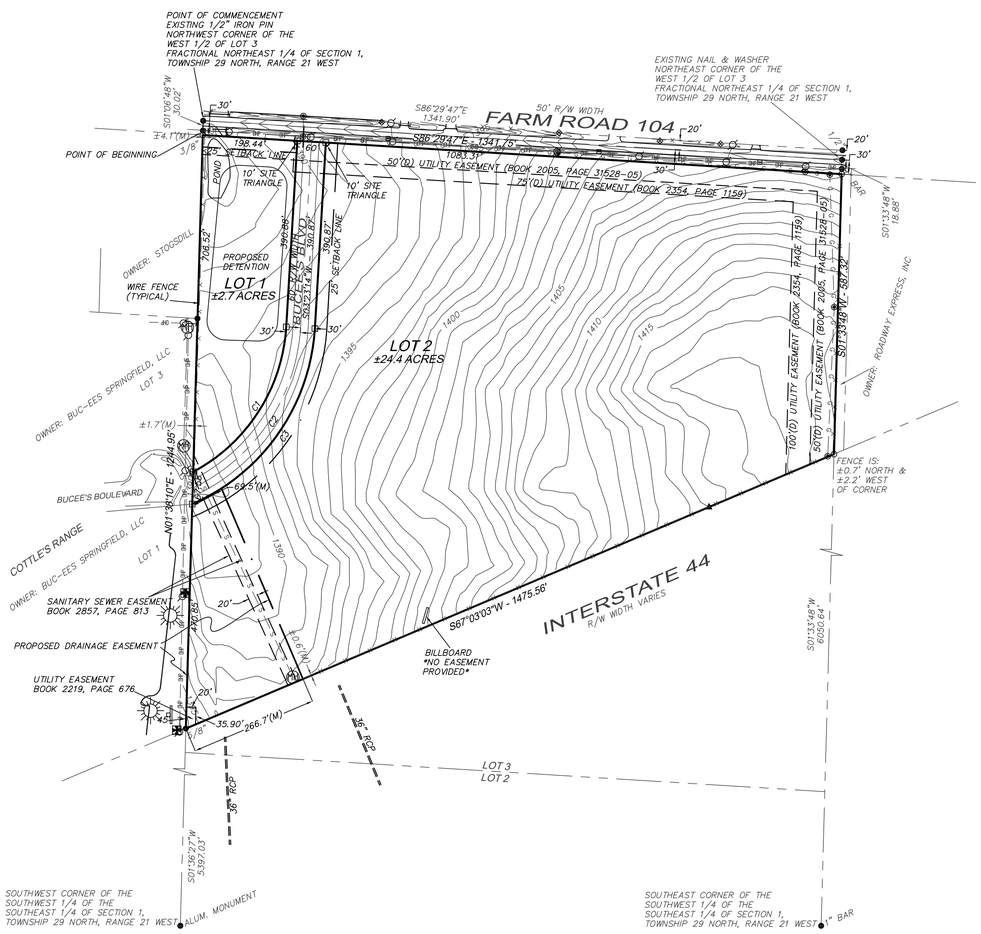
8. NO LOT SHALL HAVE DIRECT ACCESS TO FARM ROAD 104 OR INTERSTATE 44

9. THE AREA SHOWN HEREON IS NOT LOCATED IN A STORM SEWER DISTRICT AS OF THE DATE OF RECORDING AND MAY BE SUBJECT TO FUTURE ASSESSMENT COST IF INCLUDED IN FUTURE STORM WATER BENEFIT DISTRICT DEEMED NECESSARY RESULTING FROM PROBLEMS CREATED BY SURFACE WATER RUNOFF. THIS IS DUE TO THE FACT THAT THE SURFACE WATER RUNOFF IS PRESENTLY BEING ACCOMMODATED BY STREET AND OPEN DRAINAGE FACILITIES.

10. ALL DRAINAGE EASEMENTS ARE TO BE MAINTAINED BY THE PROPERTY OWNER.

11. THE PROPERTY IS SUBJECT TO A $0.048 PER SQUARE FOOT TRUNK LINE CONNECTION FEE TO CONNECT TO MULROY ROAD TRUNK SEWER. THIS IS BASED ON THE AREA OF THE PROPERTY.

12. THE CONNECTION TO MoDOT'S CULVERT MUST BE MAINTAINED AND CAN ONLY BE REMOVED ONCE MoDOT REMOVES THE CULVERT UNDER I-44



DESCRIPTION OF PLATTED AREA

THAT CERTAIN PARCEL OR TRACT OF LAND BEING LOCATED IN THE WEST 1/2 OF LOT 3 OF THE FRACTIONAL NORTHEAST 1/4 OF SECTION 1, TOWNSHIP 29 NORTH, RANGE 21 WEST, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT AN EXISTING 1/2" IRON PIN AT THE NORTHWEST CORNER OF THE WEST 1/2 OF SAID LOT 3;
THENCE, S01°06'48W, A DISTANCE OF 30.02 FEET TO A SET 1/2" IRON PIN WITH A CAP STAMPED "WLS LSC 370", SAID POINT BEING ON THE NEW SOUTH RIGHT-OF-WAY LINE OF FARM ROAD 104;
THENCE, S86°29'47"E, ALONG SAID NEW SOUTH RIGHT-OF-WAY LINE, A DISTANCE OF 1341.75 FEET TO A SET 1/2" IRON PIN WITH A CAP STAMPED "WLS LSC 370";
THENCE, S01°33'48"W, A DISTANCE OF 587.32 FEET TO AN EXISTING 1/2" IRON PIN WITH A CAP STAMPED "WLS LSC 370", SAID POINT BEING ON THE APPARENT NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 44;
THENCE, S67°03'03"W, ALONG SAID APPARENT NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1475.56 FEET TO AN EXISTING 5/8" IRON PIN;
THENCE, N01°38'10"E, A DISTANCE OF 1244.95 FEET TO THE POINT OF BEGINNING.

CONTAINING 28.2 ACRES, MORE OR LESS, AND BEING SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD, IF ANY.

DECLARATION

KNOW ALL MEN BY THESE PRESENTS:

THAT I, MICHAEL WHITE, DO HEREBY CERTIFY FOR WHITE LAND SURVEYING, LLC, THAT THIS PLAT WAS PREPARED UNDER MY SUPERVISION FROM AN ACTUAL SURVEY OF THE LAND HEREIN DESCRIBED PREPARED BY WHITE LAND SURVEYING, LLC, DATED MAY 26, 2023, AND SIGNED BY MICHAEL WHITE, PLS 2488 AND THAT THE CORNER MONUMENTS AND LOT CORNER PINS SHOWN HEREIN WERE PLACED UNDER THE PERSONAL SUPERVISION OF MICHAEL WHITE, PLS 2488 IN ACCORDANCE WITH SECTION 410.5 OF THE SUBDIVISION REGULATIONS, ARTICLE II, CHAPTER 36 OF THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, AND THE CURRENT MISSOURI STANDARDS FOR PROPERTY BOUNDARY SURVEYS.

MICHAEL WHITE, PLS 2488 – WHITE LAND SURVEYING, LLC CORP #2003000370

01/31/2024
DATE PREPARED

PREPARED FOR
MHC PROPERTIES, LLC
PROJECT LOCATION: E. FARM ROAD 104
GREENE COUNTY, MISSOURI

PREPARED BY:

MICHAEL WHITE– MISSOURI PROFESSIONAL LAND SURVEYOR #2488

WHITE LAND SURVEYING, LLC – MISSOURI PROFESSIONAL LAND SURVEYING CORPORATION #2003000370

STATE OF MISSOURI
MICHAEL WHITE
NUMBER PLS-002488
PROFESSIONAL LAND SURVEYOR

01/31/2024

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CURVE NUMBER	RADIUS	ARC DISTANCE	CENTRAL ANGLE	CHORD BEARING	CHORD DISTANCE
C1	370.00'	377.31'	58°25'38"	S32°42'23"W	361.17'
C2	400.00'	424.82'	60°51'05"	N33°55'07"E	405.14'
C3	430.00'	472.03'	62°53'44"	N34°56'26"E	448.68'