

# City of West Branch

~ A Heritage for Success ~

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110 N. Poplar St. • P.O. Box 218 • West Branch, Iowa 52358  
Ph. 319-643-5888 • Fax 319-643-2305 • www.westbranchiowa.org • wbcity@lcom.net

## CITY COUNCIL MEETING AGENDA

Monday, March 4, 2013 • 6:30 p.m.  
City Council Chambers, 110 North Poplar Street  
*Action may be taken on any agenda item.*

1. Call to order
2. Roll call
3. Welcome
4. Rev. Gregory Steckel – Prayer in Memory of Mayor Don Kessler
5. Approve Agenda/Consent Agenda/Move to action
  - a. Approve minutes from the February 19, 2013 City Council Meeting.
  - b. Approve claims.
  - c. Approve street closures on Main Street from Parkside to Poplar and on N. Downey Street from Main Street to Green Street on Saturday August 3, 2013 from 11:00 a.m.-5:00 p.m. for Hoover Hometown Days activities sponsored by Main Street West Branch.
  - d. Approve the payment of \$2351.68 to the Iowa Public Employee Retirement System for a wage adjustment for John Grimm.
  - e. Approve transfer of \$299.58 from Library–General Fund 031 to Krouth Interest CD Fund 502.
  - f. Approve Class C Native Wine License with Outdoor Service and Sunday Sales Permit for Elmira Winery, Inc. DBA Brick Arch Winery.
6. Communications/Open Forum
7. Public Hearing/Non-Consent Agenda
  - a. Herbert Hoover Presidential Library Association Executive Director Jerry Fleagle–Association Staff Update
  - b. Animal Control Commission Members Amy Lynch and Kandi Baylor and Cedar County Conservation Director Mike Dauber – Development of Dog Park
  - c. Approve Class C liquor license with Sunday Sales for Fiesta Riviera, Inc./Move to action.
  - d. Second reading of Ordinance 706 amending Chapter 92 “WATER RATES”./Move to action.
  - e. Third reading of Ordinance 707 amending Chapter 45 “ALCOHOLIC CONSUMPTION AND INTOXICATION”./Move to action.

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**Mayor:** Don Kessler • **Council Members:** Jordan M. Ellyson, Colton Miller, Jim Oaks, Dan O’Neil, Mark Worrell  
**City Administrator/Clerk:** Matt Muckler • **Fire Chief:** Kevin Stoolman • **Library Director:** Nick Shimmin  
**Parks & Rec Director:** Melissa Russell • **Police Chief:** Mike Horihan • **Public Works Director:** Matt Goodale

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**CITY COUNCIL MEETING AGENDA**  
**Monday, March 4, 2013 • 6:30 p.m. (continued)**  
**City Council Chambers, 110 North Poplar Street**  
*Action may be taken on any agenda item.*

- f. Public Hearing on the Fiscal Year 2013-2014 Annual Budget.
  - g. Resolution 1084, adopting the Fiscal Year 2013-14 Annual Budget./Move to action.
  - h. Resolution 1085, approving the ETS Merchant Application and Agreement, enrollment in the Visa Utility Program and the acceptance of all fees associated with credit card transactions./Move to action.
  - i. Resolution 1086, approving an agreement with French-Reneker-Associates, Inc. for the preparation of a Resource Enhancement and Protection (REAP) Grant Application in the amount of \$1,200./Move to action.
- 8. City Staff Reports
    - a. Library Director Nick Shimmin – Little Free Library
  - 9. Comments from Mayor and Council Members
  - 10. Adjournment

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**ORDINANCE NO. 706**

AN ORDINANCE AMENDING TITLE CHAPTER 92 "WATER RATES"

1. BE IT ENACTED by the City Council of West Branch, Iowa, that Chapter 92 "WATER RATES" of the Code of West Branch, Iowa is hereby amended by deleting Section 92.02 in its entirety and inserting in lieu thereof:

**92.02 RATES FOR SERVICE. Water service shall be furnished at the rate of:**

\$4.59 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective June 20, 2006.

\$5.23 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective July 1, 2012.

All consumption over 250,000 gallons per meter per month stays at this rate.

\$5.87 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective July 1, 2013.

\$6.51 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective July 1, 2014.

\$7.15 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective July 1, 2015.

\$7.79 per 1,000 gallons, with a 1,700-gallon minimum, payable monthly effective July 1, 2016.

2. This amendment to the ordinance shall be in full effect from and after its publication as by law provided.
3. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.
4. If any section, provision, or part of this ordinance shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of this ordinance as a whole or any part, section, or provision thereof not adjudged invalid or unconstitutional.

Passed and approved this 4th day of March, 2013.

First Reading: February 19, 2013

Second Reading: March 4, 2013

Third Reading:

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Mark Worrell, Councilperson

Attest:

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Matt Muckler, City Administrator/Clerk

**ORDINANCE NO. 707**

AN ORDINANCE AMENDING TITLE CHAPTER 45 “ALCOHOL CONSUMPTION AND INTOXICATION.”

1. BE IT ENACTED by the City Council of West Branch, Iowa, that Chapter 45 “ALCOHOL CONSUMPTION AND INTOXICATION” of the Code of West Branch, Iowa is hereby amended by deleting Section 45.02.2.(4) in its entirety.
2. BE IT ENACTED by the City Council of West Branch, Iowa, that Chapter 45 “ALCOHOL CONSUMPTION AND INTOXICATION” of the Code of West Branch, Iowa is hereby amended by inserting a new subsection to Section 45.02.2(4):  
**on the grounds of the West Branch Public Library as set forth by Council Resolution; or**
3. This amendment to the ordinance shall be in full effect from and after its publication as by law provided.
4. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.
5. If any section, provision, or part of this ordinance shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of this ordinance as a whole or any part, section, or provision thereof not adjudged invalid or unconstitutional.

Passed and approved this 4th day of March, 2013.

First Reading:	February 4, 2013
Second Reading:	February 19, 2013
Third Reading:	March 4, 2013

\_\_\_\_\_  
Mark Worrell, Councilperson

Attest:

\_\_\_\_\_  
Matt Muckler, City Administrator/Clerk

## NOTICE OF PUBLIC HEARING BUDGET ESTIMATE

FISCAL YEAR BEGINNING JULY 1, 2013 - ENDING JUNE 30, 2014

City of West Branch, Iowa

The City Council will conduct a public hearing on the proposed Budget at 110 N. Poplar St., West Branch, IA  
 on 03/04/13 at 6:30 p.m.  
(Date) xx/xx/xx (hour)

The Budget Estimate Summary of proposed receipts and expenditures is shown below.  
 Copies of the the detailed proposed Budget may be obtained or viewed at the offices of the Mayor,  
 City Clerk, and at the Library.

The estimated Total tax levy rate per \$1000 valuation on regular property . . . . . \$ 12.04382  
 The estimated tax levy rate per \$1000 valuation on Agricultural land is . . . . . \$ 3.00375

At the public hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part  
 of the proposed budget.

319-643-5888  
 phone number

Matt Muckler  
 City Clerk/Finance Officer's NAME

		Budget FY 2014	Re-estimated FY 2013	Actual FY 2012
		(a)	(b)	(c)
<b>Revenues &amp; Other Financing Sources</b>				
Taxes Levied on Property	1	1,452,149	1,323,418	1,157,868
Less: Uncollected Property Taxes-Levy Year	2	0	0	0
<b>Net Current Property Taxes</b>	<b>3</b>	<b>1,452,149</b>	<b>1,323,418</b>	<b>1,157,868</b>
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	302,527	97,387	453,647
Other City Taxes	6	151,208	151,684	112,030
Licenses & Permits	7	50,375	45,475	47,563
Use of Money and Property	8	5,600	6,300	10,062
Intergovernmental	9	378,285	381,327	402,523
Charges for Fees & Service	10	866,181	772,052	646,493
Special Assessments	11	0	0	0
Miscellaneous	12	35,100	128,210	72,655
Other Financing Sources	13	226,687	843,792	614,436
<b>Total Revenues and Other Sources</b>	<b>14</b>	<b>3,468,112</b>	<b>3,749,645</b>	<b>3,517,277</b>
<b>Expenditures &amp; Other Financing Uses</b>				
Public Safety	15	528,636	547,346	408,785
Public Works	16	545,525	564,800	573,812
Health and Social Services	17	0	0	0
Culture and Recreation	18	548,868	485,495	493,765
Community and Economic Development	19	352,277	302,815	484,466
General Government	20	195,256	227,328	252,768
Debt Service	21	343,205	308,813	210,283
Capital Projects	22	0	650,000	308,359
<b>Total Government Activities Expenditures</b>	<b>23</b>	<b>2,513,767</b>	<b>3,086,597</b>	<b>2,732,238</b>
Business Type / Enterprises	24	1,241,833	785,563	731,571
<b>Total ALL Expenditures</b>	<b>25</b>	<b>3,755,600</b>	<b>3,872,160</b>	<b>3,463,809</b>
Transfers Out	26	226,687	193,792	380,544
<b>Total ALL Expenditures/Transfers Out</b>	<b>27</b>	<b>3,982,287</b>	<b>4,065,952</b>	<b>3,844,353</b>
<b>Excess Revenues &amp; Other Sources Over (Under) Expenditures/Transfers Out</b>	<b>28</b>	<b>-514,175</b>	<b>-316,307</b>	<b>-327,076</b>
Beginning Fund Balance July 1	29	1,297,751	1,614,058	1,941,134
Ending Fund Balance June 30	30	783,576	1,297,751	1,614,058

**RESOLUTION NO. 1084**

A RESOLUTION ADOPTING THE FINAL FISCAL YEAR 2013-2014 ANNUAL BUDGET

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST BRANCH, IOWA:

The final fiscal year 2013-2014 annual budget as set forth in the budget summary and certification of taxes and in the detailed budget in support thereof showing revenue estimates and appropriation expenditures and allocations to programs for said fiscal year is adopted.

Passed and approved the 4th day of March, 2013.

\_\_\_\_\_  
Mark Worrell, Councilperson

ATTEST:

\_\_\_\_\_  
Matt Muckler, City Administrator/Clerk

RESOLUTION NO. 1085

A RESOLUTION APPROVING THE ETS MERCHANT APPLICATION AND AGREEMENT, ENROLLMENT IN THE VISA UTILITY PROGRAM AND THE ACCEPTANCE OF ALL FEES ASSOCIATED WITH CREDIT CARD TRANSACTIONS

WHEREAS, accepting credit card payments from residents and customers wishing to pay utility bills, animal registration fees, park and recreation fees, fines, cemetery lot payments, vendor fees, building permits and other various payments would make it easier for payments to be made and received; and

WHEREAS, ETS is fully integrated with Tyler Technologies Incode, the financial, payroll and utility billing software used by the City of West Branch; and

WHEREAS, the only equipment required by Incode is a mag stripe reader at a cost of \$85; and

WHEREAS, Incode support is able to assist the West Branch administrative staff to configure our cash collections software to process credit cards through ETS.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of West Branch, Cedar County, Iowa, that the City Council approves the submission of the ETS Merchant Application and Agreement, enrollment in the Visa Utility Program and the acceptance of all fees associated with credit card transactions.

Passed and approved this 4th day of March, 2013.

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Mark Worrell, Councilperson

ATTEST:

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Matt Muckler, City Administrator/Clerk



### Merchant Application and Agreement

Merchant #: 394750523824 MCC: 4900

MERCHANT NAME (DBA or Trade Name) CITY OF WEST BRANCH			CORPORATE/LEGAL NAME (if Different)		
LOCATION ADDRESS 110 N POPLAR ST			CORPORATE ADDRESS (if Different) 110 N POPLAR ST		
CITY WEST BRANCH	State IA	Zip 52358	CITY WEST BRANCH	State IA	Zip 52358
Location Phone (319) 643-5888		Location Fax (319) 643-2305		Corporate Fax (319) 643-2305	
CONTACT NAME MATT MUCKLER		CONTACT EMAIL ADDRESS MATT@WESTBRANCHIOWA.ORG		CONTACT PHONE (319) 643-5888	
				FEDERAL TAX ID# 42-6005357	

DOES THIS LOCATION CURRENTLY TAKE PAYMENT CARDS?  No  Yes (if yes please provide)

HAS MERCHANT OR OWNERS/PRINCIPALS EVER BEEN TERMINATED FROM ACCEPTING PAYMENT CARDS FROM ANY PAYMENT NETWORK FOR THIS BUSINESS OR ANY OTHER BUSINESSES?  No  Yes (if yes please explain)

**PRINCIPLES**

Principle #1 Name:  
 First: \_\_\_\_\_ Middle Init: \_\_\_\_\_ Last: \_\_\_\_\_ SSN: \_\_\_\_\_ % Ownership: \_\_\_\_\_ Title: \_\_\_\_\_  
 Home Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_ DL# / State: \_\_\_\_\_ Email Address: \_\_\_\_\_

Principle #2 Name:  
 First: \_\_\_\_\_ Middle Init: \_\_\_\_\_ Last: \_\_\_\_\_ SSN: \_\_\_\_\_ % Ownership: \_\_\_\_\_ Title: \_\_\_\_\_  
 Home Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_ DL# / State: \_\_\_\_\_ Email Address: \_\_\_\_\_

<b>TYPE OF BUSINESS</b> <input type="checkbox"/> Individual/Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC State: _____ <input type="checkbox"/> Non-Profit (Must Provide 503-C) <input type="checkbox"/> Private <input type="checkbox"/> Publicly Traded <input checked="" type="checkbox"/> Government <input type="checkbox"/> Board Run/Operated  Length of time in business: <u>138</u> Years <u>0</u> Months Product or Service being offered: _____	<b>NATURE OF BUSINESS</b> <input checked="" type="checkbox"/> Retail <input type="checkbox"/> Retail w/Tip <input type="checkbox"/> Mail/Phone Order <input type="checkbox"/> Internet <input type="checkbox"/> Restaurant <input type="checkbox"/> Fast Food <input type="checkbox"/> Lodging <input type="checkbox"/> QSR <input type="checkbox"/> Convenience <input type="checkbox"/> Public Sector <input type="checkbox"/> Petroleum <input type="checkbox"/> Utility <input type="checkbox"/> Other _____  Seasonal Sales: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If so, please indicate high volume months J <input type="checkbox"/> F <input type="checkbox"/> M <input type="checkbox"/> A <input type="checkbox"/> M <input type="checkbox"/> J <input type="checkbox"/> J <input type="checkbox"/> A <input type="checkbox"/> S <input type="checkbox"/> O <input type="checkbox"/> N <input type="checkbox"/> D <input type="checkbox"/>
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Method of Acceptance: (Totals to equal 100%) \* Merchants processing less than 70% swipe transactions must complete the MO/TO Questionnaire (over)

Credit Cards Swiped: 90 % MO/TO 5 %  
 Key Entered: 5 % Internet: 0 % (URL: \_\_\_\_\_)

Annual VMC Volume: \$ 180,000.00 Monthly Payment Card Volume: \$ 15,000.00  
 Ave. Ticket: \$ 50.00 High Ticket: \$ 2,500.00

Merchant's URL(s): \_\_\_\_\_

Merchant Name to appear on Statement:  DBA Name  Legal Name  
 Other: \_\_\_\_\_

DOES MERCHANT USE AN INDEPENDENT SERVICER THAT STORES, MAINTAINS OR TRANSMITS CARDHOLDER INFORMATION?  No  Yes (if yes, please provide: \_\_\_\_\_)

NAME: EMONEY VERSION NUMBER: 4.7

DOES MERCHANT USE A FULFILLMENT HOUSE TO FULFILL PRODUCT?  No  Yes (if yes, please provide: \_\_\_\_\_)

NAME: \_\_\_\_\_ PHONE NUMBER: \_\_\_\_\_

HAS MERCHANT OR OWNERS/PRINCIPALS EVER FILED BUSINESS BANKRUPTCY and/or PERSONAL BANKRUPTCY?  No  Yes (if yes, please provide: \_\_\_\_\_)

Explanation: \_\_\_\_\_

**BANK ACCOUNT INFORMATION:**  Checking Account  Savings Account Bank Name: \_\_\_\_\_ Attach voided check for the operating account where funds are to be deposited

Transit # (ABA Routing): \_\_\_\_\_ Account # (DDA): \_\_\_\_\_ Contact: \_\_\_\_\_ Phone #: \_\_\_\_\_

\* By providing the above referenced information, you are authorizing Bank to initiate ACH debit and credit transactions to said account

**SCHEDULE A: VISA/MASTERCARD/DISCOVER® DISCOUNT RATES & FEES:**

CARD FEES:			OTHER FEES:			
<b>INTERCHANGE (COST) PLUS:</b>			Application Fee	\$0.00	ECP Net Fee	\$0.00
<b>CREDIT:</b>			Monthly Minimum Fee	\$25.00	Chargeback Fee	\$15.00
Visa BPS	0.20 %	\$0.10	Equipment Reprogramming Fee	\$0.00	Annual PCI Fee	\$108.00
MC BPS	0.20 %	\$0.10	PMoney Setup Fee	\$0.00	Monthly PCI Fee	\$0.00
Discover BPS	0.50 %	\$0.10	Statement Fee	\$7.50	EMoney Setup Fee	\$0.00
<b>DEBIT:</b>			ACH Fee	\$0.00	T & E	Auth Fee
Offline Debit	0.30 %	\$0.10	EMoney User Fee	\$0.00	AMEX	\$0.20
Online Debit	0.10 %	\$0.10	EMoney Monthly Fee	\$0.00	Diners	\$0.20

If you currently accept American Express please write your existing account number on the line provided; if you do not currently accept American Express and would like to, please check the box to apply.

American Express (10 digits): \_\_\_\_\_  Apply

**Site Inspection:**  
 Merchant:  Owns  Rents Landlord: \_\_\_\_\_  
 Building Type:  Shopping Cntr.  Office Building  Industrial Building  Residence  
 Area Zoned:  Commercial  Industrial  Residential  
 Square Footage:  0-500  501 - 2500  2501 - 5000  5001 - 10000+

Based upon your review, does Merchant have the appropriate facilities, equipment, inventory, personnel and license or permit to operate their business?  No  Yes

Comments: \_\_\_\_\_

You have the option of accepting MasterCard credit cards, Visa credit cards, credit cards issued by Discover, MasterCard signature debit cards (MasterMoney Cards) or Visa signature debit cards (Check Cards), or debit cards issued by Discover. You may elect to accept any or all of these card types for payment. If you do not specifically indicate otherwise, your application will be processed to accept ALL MasterCard, Discover, and Visa card types.

Elected Visa, Discover, or MC card types NOT to accept:

\_\_\_\_\_

\* By signing below, inspector is certifying he/she has visited the location and information provided is true & correct

Inspector Name: SEAN LYNCH Inspector Date: \_\_\_\_\_ Signature: \_\_\_\_\_

**MO/TO QUESTIONNAIRE: COMPLETE THIS SECTION IF PROCESSING LESS THAN 70% CARD PRESENT:**

What percentage of sales are to: Businesses Consumer \_\_\_\_\_ % Individual Consumer \_\_\_\_\_ %

Method of Marketing:  Newspaper/magazine  Television/Radio  Internet  Direct Mail, Brochure and/or Catalog  Outbound Telemarketing Sales  Other: \_\_\_\_\_

Percentage of products sold via: Telephone Orders \_\_\_\_\_ % Mail Fax Orders \_\_\_\_\_ % Internet Orders \_\_\_\_\_ % Other: \_\_\_\_\_ %

Who processes the order?  Merchant  Fulfillment Center  Other \_\_\_\_\_

Who enters credit card information into the processing system?  Merchant  Fulfillment Center  Consumer  Other \_\_\_\_\_

If credit card payment information taken over the Internet, is payment channel encrypted by SSL or better?  No  Yes

If Merchant is an e-commerce Merchant, is a Merchant Certificate utilized?  No  Yes if yes please provide the following:

Merchant Certificate Number \_\_\_\_\_ Certificate Issuer \_\_\_\_\_ Exp. Date: \_\_\_\_\_ Is Certificate  Individual  Shared

Do you own the product/inventory?  No  Yes Is the product stored at your business location?  No  Yes If no, where is it stored? \_\_\_\_\_

After charge authorization, how long until product ships? \_\_\_\_\_ days Who ships the product \_\_\_\_\_

Product shipped by:  Merchant  Other \_\_\_\_\_ Delivery receipt requested?  Yes  No

**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. 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 will also ask for a copy of your driver's license or other identifying documents.

**MERCHANT APPLICATION AND AGREEMENT ACCEPTANCE (Capitalized terms not defined in this Acceptance section have the meanings set forth in the Terms and Conditions section)**

"By executing this Merchant Application on behalf of the merchant described above ("Merchant"), the undersigned individual(s) represent(s), warrant(s), and acknowledges(s) that: (i) All information contained in this Merchant Application ("Application") is true, correct and complete as of the date of this Application; (ii) If the Merchant is a corporation, limited liability company, or partnership, the individual(s) executing this Application have the requisite legal power and authority to complete and submit this Application on behalf of the Merchant and to make and provide the acknowledgements, authorizations and agreements set forth herein on behalf of the Merchant and individually; (iii) The information contained in this Application is provided for the purpose of obtaining, or maintaining, a merchant account for the Merchant with the Sponsor Bank ("BANK") and BANK will rely on the information provided herein in its approval process and in settling the applicable Discount Rate, Approved Average Ticket, and Approved Monthly Bankcard Volume; (iv) BANK is authorized to investigate, either through its own agents or through credit bureaus/agencies, the credit of the Merchant and each person listed on this Application; (v) BANK will determine all rates, fees and charges and notify Merchant of the approved fees and by Merchant's submission and acceptance of Merchant's first settled transaction. Merchant agrees to pay such approved fees; (vi) The Merchant Agreement will not take effect until Merchant has been approved by BANK and a merchant number has been issued to merchant; and (vii) The undersigned has received, read, understood, the Merchant Agreement, which is incorporated herein by reference thereto, and agrees on behalf of the merchant to be bound by the terms of such Merchant Agreement. The merchant on whose behalf this Application is being submitted acknowledges that if this Application is being submitted to Merrick Bank as the Sponsor Bank, ETS CORPORATION will may also be a party to this Merchant Agreement. In such case, Merchant acknowledges that ETS CORPORATION will rely on the representations and warranties set forth in this Application for Merchant Agreement and unless otherwise specified or prohibited by Association or applicable law, ETS CORPORATION will have all the rights of BANK under this Application and Agreement

**MERCHANT:**

Principal #1:  \_\_\_\_\_  
Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Principal #2:  \_\_\_\_\_  
Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

**BANK:**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name and Title: \_\_\_\_\_

**ETS CORPORATION:**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name and Title: HADI AKKAD - VP

**CONTINUING PERSONAL GUARANTY PROVISION - PERSONAL GUARANTOR (Capitalized terms not defined in this Guaranty section have the meanings set forth below in the Terms and Conditions section)**

By signing below, each individual or entity ("Guarantor") jointly and severally (if there is more than one Guarantor) and unconditionally guarantees to ETS CORPORATION and BANK the prompt payment and full and complete performance of all obligations of the Merchant identified above under the Merchant Agreement, as amended from time to time, including, without limitation, all promises and covenants of the Merchant, and all amounts payable by the Merchant under the Merchant Agreement, including, without limitation, charges, interest, costs and other expenses, such as attorney's fees and court costs. This means, among other things, that ETS CORPORATION or BANK can demand performance or payment from any Guarantor if the Merchant fails to perform any obligation or pay what the Merchant owes under the Agreement. Each Guarantor agrees that his or her liability under this guaranty will not be limited or canceled because: (1) the Merchant Agreement cannot be enforced against the Merchant for any reason, including, without limitation, bankruptcy proceedings; (2) either ETS CORPORATION or BANK agrees to changes or modifications to the Merchant Agreement, with or without notice to Guarantor; (3) ETS CORPORATION or BANK releases any other Guarantor or the Merchant from any obligation under the Merchant Agreement; (4) any law, regulation, or order of any public authority affects the rights of either ETS CORPORATION, Merchant, or BANK under the Merchant Agreement; and/or (5) anything else happens that may affect the rights of either ETS CORPORATION or BANK against the Merchant or any other Guarantor. Each Guarantor further agrees that: (a) ETS CORPORATION and BANK each may delay enforcing any of its rights under this guaranty without losing such rights and hereby waives any applicable Statute of Limitations; (b) ETS CORPORATION and BANK each can demand payment from such Guarantor without first seeking payment from the Merchant or any other Guarantor or from any security held by the BANK; and (c) such Guarantor will pay all court costs, attorney's fees, and collection costs incurred by either ETS CORPORATION or the BANK in connection with the enforcement of the Merchant Agreement or this Guaranty, whether or not there is a lawsuit, and such additional fees and costs as may be directed by a court. If the Merchant is a corporation or limited liability company, this Guaranty must be executed by a principal or affiliate of Merchant.

Principal #1: \_\_\_\_\_  
Print Name:  \_\_\_\_\_ Date: \_\_\_\_\_

Principal #2: \_\_\_\_\_  
Print Name:  \_\_\_\_\_ Date: \_\_\_\_\_

**BANK DISCLOSURE**

**Member Bank Information:** Merrick Bank, 135 Crossways Park Dr North, Suite A100 Woodbury, NY 11797 • Phone (800) 267-2256

**Important Bank Responsibilities:**

- 1. Merrick Bank is the only entity approved to extend acceptance of Visa products directly to a Merchant.
- 2. Merrick Bank is responsible for educating Merchants on pertinent Visa operating regulations with which Merchants must comply.
- 3. Merrick Bank, not ETS CORPORATION must hold, administer and control all reserve funds derived from settlement.
- 4. Merrick Bank, not ETS CORPORATION, must hold, administer and control settlement funds for the Merchant.
- 5. Merrick Bank must be a principal (signer) to the Merchant Agreement

**Merchant Information:** Refer to Merchant Application

**Important Merchant Responsibilities:**

- 1. Complying with cardholder data security and storage requirements
- 2. Maintaining fraud and chargebacks below established thresholds.
- 3. Reviewing and understanding the Merchant Agreement.
- 4. Complying with Visa's operating regulations.

The responsibilities listed above do not supersede terms of the Merchant Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the Visa Member - Merrick Bank - is the ultimate authority should the Merchant have any problems.

Principal #1:  \_\_\_\_\_

Principal #2:  \_\_\_\_\_

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

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

## TERMS AND CONDITIONS

Subject to the requirements of applicable Card Association rules, ETS CORPORATION and Bank may allocate their respective duties and obligations between themselves as they deem appropriate at their sole discretion, and ETS CORPORATION or Bank may jointly or individually assert or exercise the rights or remedies provided to the Bank hereunder. In consideration of the mutual covenants herein, Bank, ETS CORPORATION and Merchant have agreed as follows

### ARTICLE I - DEFINITIONS

- 1.01 "**Account**" means a commercial checking account or demand deposit maintained by Merchant as set forth in Section 5.16 for the crediting of collected funds and the debiting of fees and charges under this Agreement.
- 1.02 "**ACH**" means the Automated Clearing House paperless entry system controlled by the Federal Reserve Board.
- 1.03 "**Agreement**" means these terms and conditions and any supplementary documents indicated herein, and valid schedules and amendments to the foregoing.
- 1.04 "**Authorization**" means a computerized function or a direct phone call to a designated number to examine individual Transactions to obtain approval from the Card Issuer to charge the Card for the amount of the sale.
- 1.05 "**Card**" means (i) a valid credit card in the form issued under license from Visa U.S.A., Inc. Visa International, Inc. or MasterCard International, Inc. ("Bank Card") or Discover®, or (ii) any other valid credit card accepted by Merchant by agreement with Bank and ETS CORPORATION.
- 1.06 "**Card Association**" means Visa U.S.A., Inc., Visa International, Inc., MasterCard International, Inc. or Discover or any other Card Issuers that provide Cards that are accepted by Merchant by agreement with Bank and ETS CORPORATION.
- 1.07 "**Card Issuer**" means the financial institution or company which has provided a Card to a Cardholder.
- 1.08 "**Card Not Present (CNP)**" means that an Imprint of the Card is not obtained at the point-of-sale.
- 1.09 "**Cardholder**" means the person whose name is embossed upon the face of the Card.
- 1.10 "**Cardholder Information**" means any non-public, sensitive information about a Cardholder, including any combination of Cardholder name plus the Cardholder's social security number, driver's license or other identification number or credit or debit card number, or other bank account number.
- 1.11 "**Chargeback**" means the procedure by which a Sales Draft (or disputed portion thereof) is returned to Bank by a Card Issuer because such item does not comply with the applicable Card plan's operating regulations.
- 1.12 "**Credit Voucher**" means a document executed by a Merchant evidencing any refund or price adjustment relating to Cards to be credited to a Cardholder account.
- 1.13 "**Imprint**" means (i) an impression on a Sales Draft manually obtained from a Card through the use of an imprinter, or (ii) the electronic equivalent obtained by swiping a Card through a terminal and electronically capturing Card Data and printing a Sales Draft.
- 1.14 "**Mid or Non-Qualifying Transaction**" means any sale Transaction that fails to qualify for lowest interchange rate assigned by the applicable Card Association for the standard card industry code of Merchant and which may be charged fees as set forth in Schedule A.
- 1.15 "**Sales Draft**" means the paper form, whether electronically or manually imprinted, evidencing a sale Transaction.
- 1.16 "**Transaction**" means any sale of products or services, or credit for such, from a Merchant for which the Cardholder makes payment through the use of any Card and which is presented to Bank for collection.
- 1.17 "**Voice Authorization**" means a direct phone call to a designated number to obtain credit approval on a Transaction from the Card Issuer, whether by voice or voice-activated systems.

### ARTICLE II - CARD ACCEPTANCE

#### 2.01 Honoring Cards.

(a) Merchant will accept all valid Cards when properly presented by Cardholders in payment for goods or services, subject to applicable Card Association rules requiring Merchant to elect whether it will accept credit only, debit only or both debit and credit Cards. Merchant's election is set forth in the Application. (b) Merchant will not establish minimum or maximum amounts for Card sales as a condition for accepting any Card. (c) Merchant will not require any Cardholder to pay as a surcharge any part of any discount or charge imposed upon Merchant by this Agreement, whether through any increase in price or otherwise require a Cardholder presenting a Card to pay any charge or price as a condition of sale that is not also required from a customer paying cash. However, Merchant may not, by this term, be prevented from offering discounts to customers for cash purchases. (d) Merchant will not engage in a Card Transaction (other than a mail order, telephone order, ecommerce or preauthorized sale to the extent permitted under this Agreement) if the person seeking to charge the purchase to his or her Card account does not present the Card to permit Merchant to compare the signature on the Card to the signature on the Sales Draft and obtain an Imprint or otherwise use the physical Card to complete the Transaction.

#### 2.02 Advertising.

(a) Merchant agrees to prominently display the promotional materials provided by Bank and ETS CORPORATION in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Marks") associated with Card(s) will be limited to informing the public that Card(s) will be accepted at Merchant's place(s) of business. Merchants' use of promotional materials and Marks is subject to the direction of Bank and ETS CORPORATION. (b) Merchant may use promotional materials and Marks only during the term of this Agreement and will immediately cease use and return any inventory to Bank or ETS CORPORATION upon any termination thereof. (c) Merchant will not use any promotional materials or Marks associated with Visa, MasterCard or Discover in any way which suggests or implies that either endorses any goods or services other than Card payment services.

#### 2.03 Card Acceptance.

When accepting a Card, Merchant will follow the steps provided by Bank and ETS CORPORATION for accepting Cards and will:

(a) Determine in good faith and to the best of its ability that the Card is valid on its face; (b) Obtain Authorization from the Card Issuer to charge the Cardholder's account; (c) Unless the Sales Draft is electronically generated or is the result of a mail, phone or preauthorized order, (i) obtain an Imprint of the Card including embossed data from the merchant imprinter plate; and (ii) obtain the Cardholder's signature on the Sales Draft and compare that signature to the signature on the Card; (d) Enter a description of the goods or services sold and the price thereof (including any applicable taxes); (e) Deliver a true and completed copy of the Sales Draft to the Cardholder at the time of delivery of the goods or performance of the services, or, if the Sales Draft is prepared by a point-of-sale terminal, at the time of the sale; (f) Offer the Sales Draft to Bank for purchase according to Bank's procedures and the terms of this Agreement; and (g) Make an Imprint of the Card, if the Transaction is not based upon a mail, phone or pre-authorized order.

#### 2.04 Authorization.

Merchant will obtain an Authorization for all Card sales. If Merchant cannot, for any reason, obtain an electronic Authorization through the use of a terminal, Merchant will request a Voice Authorization from Bank's designated authorization center and will legibly print the authorization number on the Sales Draft. Merchant will not obtain or attempt to obtain authorization from Bank's authorization center unless Merchant intends to submit to Bank a Transaction for the authorized amount if Authorization for the Transaction is given. Merchant may not divide a single Transaction between two or more Sales Drafts on a single Card to avoid Authorization limits that may be set by the Card Issuer. Merchant acknowledges that an Authorization provides only that the Cardholder account has sufficient credit available to cover the amount of the current sale and that an Authorization is not a guarantee that the Transaction will not be subject to dispute or Chargeback and does not warranty the Cardholder's identity. Merchant may not attempt to obtain an authorization by successively decreasing the sale amount. Bank or ETS CORPORATION may refuse to purchase or process any Sales Draft presented by Merchant: (a) unless a proper authorization or approval code has been recorded on the Sales Draft; (b) if Bank or ETS CORPORATION determines that the Sales Draft is or is likely to become uncollectible from the Cardholder to which the transaction would otherwise be charged; or (c) if Bank or ETS CORPORATION has reason to believe that the Sales Draft was prepared in violation of any provision of this Agreement. Merchant will use, and may not circumvent, fraud identification tools requested by Bank or ETS CORPORATION, including Address Verification System processing and CVV2 processing, and acknowledges that the use of these tools may prevent Merchant from accepting certain Cards as payment. Merchant acknowledges that its use of fraud identification tools may not prevent fraudulent Card usage, and agrees that any fraudulent Transaction may ultimately result in a Chargeback, for which Merchant retains full liability under this Agreement.

#### 2.05 Retention and Retrieval of Cards.

(a) Merchant will use its best efforts, by reasonable and peaceful means, to retain or recover a Card (i) when receiving such instructions when making a request for Authorization or (ii) if Merchant has reasonable grounds to believe the Card is counterfeit, fraudulent or stolen. (b) The obligation of Merchant imposed by this section to retain or recover a Card does not authorize a breach of the peace or any injury to persons or property, and Merchant will hold Bank and ETS CORPORATION harmless from any claim arising from any injury to person or property or other breach of the peace in connection with the retention or recovery of a Card.

#### 2.06 Multiple Transaction Records: Partial Consideration.

Merchant will not prepare more than one Sales Draft for a single sale or for a single item but will include all items of goods and services purchased in a single Transaction in the total amount on a single Sales Draft except under the following circumstances: (i) For purchases in separate departments of a multiple department store; (ii) For partial payment, installment payment, delayed delivery or an advance deposit; or (iii) For delayed or amended charges governed by rules for travel and entertainment merchants and Transactions.

**2.07 Telephone Orders, Mail Orders, eCommerce, Preauthorized Orders and Installment Orders.**

(a) Unless Merchant has been approved by Bank to accept mail, phone or eCommerce orders, Merchant warrants that it is a walk-in trade business, located in a retail business place where the public moves in and out freely in order to purchase merchandise or obtain services. If Bank and ETS CORPORATION determines Merchant has accepted unapproved Card Transactions without Bank's authorization, which are placed by telephone, generated through telephone solicitation, mail order or other means that does not create a Sales Draft that bears the Card imprint and Cardholder's signature, this Agreement will be immediately terminated and the value of all Sales Drafts collected from the first day of processing may be charged back to Merchant and all funds therefrom will be held pursuant to Article IV. (b) Unless approved by Bank, this Agreement does not contemplate regular acceptance of Cards for sales accepted by telephone, mail or eCommerce nor through preauthorized orders. If an occasional Card Transaction is made by mail, phone or preauthorized order, the Sales Draft may be completed without the Cardholder's signature or an Imprint, but in such case Merchant will create a Sales Slip containing Cardholder data, an Authorization number, the sale amount and the letters "MO", "TO" or "PO", as appropriate. Receiving an Authorization will not relieve the Merchant of liability for Chargeback on any Transaction for which the Merchant did not obtain an Imprint or the Cardholder's signature.

**2.08 Lodging and Vehicle Rental Transactions.**

(a) Merchant must estimate and obtain Authorization for the amount of the Transaction based upon the Cardholder's intended length of stay or rental. Additional Authorization must be obtained and recorded for charges actually incurred in excess of the estimated amount. (b) Regardless of the terms and conditions of any written preauthorization form, the Sales Draft amount for any lodging or vehicle rental Transaction will include only that portion of the sale, including any applicable taxes, evidencing a bona fide rental of real or personal property by Merchant to the Cardholder and will not include any consequential charges. Nothing contained herein is intended to restrict Merchant from enforcing the terms and conditions of its preauthorization form through means other than a Card Transaction.

**2.09 Returns and Adjustments; Credit Vouchers.**

(a) Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered will be established and posted in accordance with operating regulations of the applicable Card Association's regulations. Merchant agrees to disclose, if applicable, to a Cardholder before a Card sale is made, that if merchandise is returned: (i) no refund, or less than a full refund, will be given; (ii) returned merchandise will only be exchanged for similar merchandise of comparable value; (iii) only a credit toward purchases will be given; or (iv) special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other non-credit terms). (b) If Merchant does not make these disclosures, a full refund in the form of a credit to the cardholder's Card account must be given. Disclosures must be made on all copies of Sales Drafts or invoices in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the Cardholder's signature. (c) Any change in Merchant's return or cancellation policy must be submitted in writing to Bank and ETS CORPORATION not less than fourteen (14) days prior to the change. Bank or ETS CORPORATION reserves the rights to refuse to process any Sales Draft made subject to a revised return or cancellation policy of which Bank and ETS CORPORATION have not been notified as required herein.

**2.10 Cash Payments.** Merchant will not receive any payments from a Cardholder for charges included in any Transaction resulting from the use of any Card nor receive any payment from a Cardholder to prepare and present a Transaction for the purpose of effecting a deposit to the Cardholder's Card account.

**2.11 Cash Advances; Scrip Purchases.** Merchant will not deposit any Transaction for the purpose of obtaining or providing a cash advance either on Merchant's Card or the Card of any other party and will not accept any Card at a scrip terminal. Merchant agrees that either such action will be grounds for immediate termination of this Agreement.

**2.12 Duplicate Transactions.** Merchant will not deposit duplicate Transactions. Merchant will be debited for any adjustments for duplicate Transactions and will be liable for any Chargebacks which may result therefrom.

**2.13 Deposit of Fraudulent Transactions.** Merchant will not accept or deposit any fraudulent Transaction and may not under any circumstances present for processing or credit, directly or indirectly, a Transaction which originated with any other merchant or any other source other than Transactions arising from bona fide purchases from Merchant for the goods and services for which Merchant has been approved under this Agreement. If Merchant deposits any prohibited Transaction, Merchant may be immediately terminated, and Bank may hold funds and/or demand an Escrow pursuant to Sections 4.02 and 5.06; further, Merchant may be subject to the Visa and MasterCard and Discover reporting requirements under the terms of this Agreement. Merchant understands and agrees that it is responsible for its employees' action, whether negligent or fraudulent, while in its employ.

**2.14 Collection of Pre-existing Debt.** Merchant will not prepare and present to Bank for purchase any Transaction representing the refinancing of an existing obligation of a Cardholder including, but not limited to, obligations (i) previously owed to Merchant, (ii) rising from the dishonor of a Cardholder's personal check, Chargeback, and/or (iii) representing the collection of any other pre-existing indebtedness, including collection of delinquent accounts on behalf of third parties.

**2.15 Data Security/Personal Cardholder Information.** Merchant may not, as a condition of sale, impose a requirement on Cardholders to provide any personal information as a condition for honoring Cards unless such information is required to provide delivery of goods or services or Merchant has reason to believe the identity of the person presenting the Card may be different than that of the Cardholder. Merchant will not, under any circumstances, release, sell or otherwise disclose any Cardholder Information to any person other than Bank or ETS CORPORATION or the applicable Card Association, except as expressly authorized in writing by the Cardholder, or as required by law.

(a) **Safeguards.** Merchant will maintain appropriate administrative, technical and physical safeguards for all Cardholder Information. These safeguards will (i) insure the confidentiality of Cardholder Information; (ii) protect against any anticipated threats or hazards to the security or integrity of Cardholder Information; (iii) protect against unauthorized access to or use of Cardholder Information that could result in substantial harm or inconvenience to any Cardholder; and (iv) properly dispose of all Cardholder Information to ensure no unauthorized access to Cardholder Information. Merchant will maintain all such safeguards applicable to Merchant or Bank or ETS CORPORATION in accordance with applicable federal and state laws, rules, regulations and guidance.

(b) **Compliance with Card Association Rules.** Merchant represents, warrants and covenants that it is and will remain throughout the term of this Agreement in compliance with Card Association bylaws, operating regulations and rules related to data security, data integrity and the safeguarding of Cardholder Information including the Payment Card Industry Data Security Standard ("PCI"), Discover Information Security Compliance ("DISC"), MasterCard's Site Data Protection Program ("SDP"), and Visa's Customer Information Security Program ("CISP"), in effect and as may be amended, supplemented or replaced. Merchant will cause all of its service providers, subcontractors and agents to comply with PCI, SDP, DISC and CISP requirements at all times. Merchant will report any non-compliance immediately to Bank or ETS CORPORATION. To accomplish the foregoing, Merchant will encrypt all debit, credit or stored value card numbers whether in storage, transport or backup and will not store data security codes on its systems, network or software.

(c) **Annual Certification.** Merchant will provide an annual certification to Bank or ETS CORPORATION if requested by Bank or ETS CORPORATION (in a form acceptable to Bank or ETS CORPORATION) certifying compliance with the data security provisions of this Agreement, including compliance with applicable Card Association requirements such as PCI, SDP and CISP. Merchant will provide annual certifications for Merchant's service providers, subcontractors and agents.

(d) **Information Use Limitations.** Merchant may not sell, disclose, or otherwise make Cardholder Information available, in whole or in part, in a manner not provided for in this Agreement, without Bank's or ETS CORPORATION's prior written consent. Merchant may, however, disclose Cardholder Information to its service providers, subcontractors and agents who have a need to know such information to provide the Services described in this Agreement, provided that those individuals or entities have assumed confidentiality obligations in accordance with this Agreement, or as may be required by legal process or applicable federal and state laws, rules, regulations and guidance and have entered into a written agreement with Merchant containing Merchant's and such individuals' or entities' agreement to the foregoing data security provisions including compliance with Card Association rules, regulations or bylaws.

(e) **Response to Unauthorized Access.** Merchant will notify Bank or ETS CORPORATION within 24 hours after it knows of any breach in security resulting in an unauthorized access to Cardholder Information. Merchant will provide any assistance that Bank or ETS CORPORATION, the issuing bank of any Cardholder, and their regulators and the Card Associations deem necessary to contain and control the incident to prevent further unauthorized access to or use of Cardholder Information. Such assistance may include, but not be limited to, preserving records and other evidence and compiling information to enable Bank or ETS CORPORATION and the issuing bank(s) or the Card Associations to investigate the incident and provide assistance and cooperation to: (a) file suspicious activity reports (as applicable); (b) notify their regulators (as applicable); and (c) notify the affected Cardholder (as required). Unless the unauthorized access was due to Bank's acts or omissions, Merchant will bear the cost of notifying affected Cardholder.

(f) **Miscellaneous.** Merchant may not make a claim against Bank or ETS CORPORATION or hold Bank or ETS CORPORATION liable for the acts or omissions of other merchants, service providers, Card Associations, financial institutions or others that do not have a written contractual relationship with Bank or ETS CORPORATION or over which Bank or ETS CORPORATION has no control. These provisions supplement, augment and are in addition to obligations of indemnification, audit, confidentiality and other similar provisions contained in this Agreement. This Section 2.15 and each of its subsections will survive this Agreement's termination. Merchant may not store in any system or in any manner discretionary Card read data including without limitation CVV2 data, PIN data, address verification data or any other information prohibited by Card Association Rules.

- 2.16 Compliance with Card Association Rules.** Merchant will comply with and conduct its Card activities in accordance with all applicable Card Association rules and regulations. Failure to comply with such rules and regulations may result in Merchant being terminated for cause and listed on various Card Association and industry databases, including the Terminated Merchant File and the Merchant Alert to Control High Risk Merchants file ("MATCH"). With respect to MasterCard, Discover, or Visa USA, Merchant may not: (a) accept Cardholder payments for previous Card charges incurred at the Merchant location; (b) establish a minimum or maximum transaction amount as a condition for honoring a Card; (c) require a Cardholder to complete a postcard or similar device that includes the Cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed; (d) add any surcharge to transactions; (e) add any tax to transactions, unless applicable law expressly requires that Merchant be permitted to impose a tax (any tax amount, if allowed, must be included in the transaction amount and not collected separately); (f) enter into interchange any transaction receipt for a transaction that was previously charged back to Bank and subsequently returned to Merchant, irrespective of Cardholder approval (Merchant may pursue payment from the Cardholder outside the Card Association system); (g) request or use an account number of any purpose other than as payment for its goods or services; (h) disburse funds in the form of travelers cheques, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from Merchant; (i) disburse funds in the form of cash, unless: (i) Merchant is a lodging or cruise line merchant disbursing cash to a Cardholder, (ii) Merchant is dispensing funds in the form of travelers cheques, Cards, or foreign currency, or (iii) Merchant is participating in the Card Association cash back service; (j) accept a Card for the purchase or scrip; (k) accept a Card for manual cash disbursement; (l) accept a Card to collect or refinance existing debt that has been deemed uncollectible by the Merchant providing the associated goods or services; or (m) enter into a Transaction that represents collection of a dishonored check. Merchant will pay all Card Association fines, fees, penalties and all other assessments or indebtedness levied by Card Associations to Bank or ETS CORPORATION which are attributable, at the Bank's or ETS CORPORATION'S discretion, to Merchant's Transaction processing or business. (n) accept a Card for an unlawful Internet gambling transaction. Merchant will pay all Card Association fines, fees, penalties and all other assessments or indebtedness levied by Card Associations to Bank or ETS CORPORATION which are attributable, at the Bank's or ETS CORPORATION'S discretion, to Merchant's Transaction processing or business.
- 2.17 Merchant's Business.** Merchant will notify Bank or ETS CORPORATION immediately if it intends to (a) transfer or sell any substantial part of its total assets, or liquidate; (b) change the basic nature of its business, including selling any products or services not related to its current business; (c) change majority ownership or transfer control of its business; (d) enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in Merchant's business; (e) alter in any way Merchant's approved monthly volume, average, or maximum ticket; or (f) changes its return policies or to another fulfillment house different from those identified in Merchant Application. Merchant will notify Bank or ETS CORPORATION promptly in writing if it becomes subject to any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Merchant's failure to provide notice as required above may be deemed a material breach and will be sufficient grounds for termination of Merchant and for Bank's or ETS CORPORATION'S exercise of all its rights and remedies provided by this Agreement. If any change listed above occurs, Bank or ETS CORPORATION may immediately terminate this Agreement.
- 2.18 Merchant's Warranties.** Merchant represents and covenants that: (a) all information contained in the Merchant Application or any other documents delivered to Bank or ETS CORPORATION in connection therewith is true and complete and properly reflects Merchant's business, financial condition and principal partners, owners or officers; (b) Merchant has power to execute, deliver and perform this Agreement, and this Agreement is duly authorized, and will not violate any provisions of law, or conflict with any other agreement to which Merchant is subject; (c) Merchant holds all licenses, if any, required to conduct its business and is qualified to do business in every jurisdiction where it is required to do so; (d) there is no action, suit or proceeding at law or in equity now pending or to Merchant's knowledge, threatened by or against or affecting Merchant which would substantially impair its right to carry on its business as now conducted or adversely affect its financial condition or operations; (e) each Sales Draft presented to Bank or ETS CORPORATION for collection is genuine and is not the result of any fraudulent or prohibited Transaction or is not being deposited on behalf of any business other than Merchant as authorized by this Agreement; (f) each Sales Draft is the result of a bona fide Card Transaction for the purchase of goods or services from Merchant by the Cardholder in the total amount stated on the Sales Draft; (g) Merchant has performed or will perform all of its obligations to the Cardholder in connection with the Card Transaction evidenced thereby; (h) Merchant has complied with Bank's or ETS CORPORATION'S procedures for accepting Cards, and the Card Transaction itself does not involve any element of credit for any other purposes other than as set forth in this Agreement, and is not subject to any defense, dispute, offset or counterclaim which may be raised by any Cardholder under the Card Associations' rules, the Consumer Credit Protection Act (15 USC §1601) or other relevant state or federal statutes or regulations; and (i) any Credit Voucher which it issues represents a bona fide refund or adjustment on a Card sale by Merchant with respect to which a Sales Draft has been accepted by Bank or ETS CORPORATION.

### ARTICLE III - PRESENTMENT, PAYMENT, CHARGEBACK

- 3.01 Acceptance.** Bank will accept from Merchant all Sales Drafts deposited by Merchant under the terms of this Agreement and will present the same to the appropriate Card Issuers for collection against Cardholder accounts. Merchant is required to transmit Sales Drafts and Credit Vouchers to Bank or its processing vendor on the same or next business immediately following the day that such Sales Drafts and Credit Vouchers have been originated. All presentment and assignment of Sales Drafts, collection therefore and re-assignment or rejection of such Sales Drafts are subject to the terms of this Agreement and regulations of the Card Associations. Bank will only provisionally credit the value of collected Sales Drafts to Merchant's Account and reserves the right to adjust amounts collected to reflect the value of Chargebacks (actual and anticipated), fees, penalties, late submission charges, Reserve deposits, negative Sales Draft batch deposits and items for which Bank did not receive final payment.
- 3.02 Endorsement.** The presentment of Sales Drafts to Bank for collection and payment is Merchant's agreement to sell and assign all its right, title and interest in each Sales Draft completed in conformity with Bank's acceptance procedures and shall constitute an endorsement by Merchant to Bank of such Sales Drafts. Merchant hereby authorizes Bank to supply such endorsement on Merchant's behalf.
- 3.03 Prohibited Payments.** Bank will have the sole right to receive payment of any Sales Draft presented by Merchant and paid by Bank unless and until there is a Chargeback. Unless specifically unauthorized in writing by Bank, Merchant will not make or attempt to make any collections on any Sales Draft, including Chargebacks, and will hold in trust for Bank and will promptly deliver in kind to Bank any payment Merchant receives, in whole or in part, of the amount of any accepted Transaction, together with the Cardholder's name and account number and any correspondence accompanying the payment.
- 3.04 Chargebacks.** Merchant will accept for chargeback any sale for which the Cardholder disputes the validity of the sale according to prevailing Card Association regulations, or a Card issuer or Bank or ETS CORPORATION determines that Merchant has in any way failed to comply with Card Association regulations or Bank's or ETS CORPORATION'S procedures in accepting a Card and presenting the resulting Sales Draft to Bank for purchase. Section 2.03 notwithstanding, Bank may charge back the amount of a Card sale for which the Cardholder disputes that authorizing the charge if Merchant failed to obtain the Card Imprint or the Cardholder's signature. Merchant may not initiate a sale Transaction in an attempt to collect a Chargeback. Merchant will pay the current published fees for each Chargeback as listed on [Schedule A](#).
- 3.05 Chargeback Reserve Account.** Notwithstanding anything to the contrary in this Agreement, Bank or ETS CORPORATION may establish (without notice to Merchant) and Merchant agrees to fund a non-interest bearing chargeback reserve account (the "Reserve Account"), or demand other security or raise any discount, transaction or other fees. This account may be established at any time or for any reason. Specific examples might include: (a) Merchant engages in any charge processing that creates an overcharge to a Cardholder by duplicating charges; (b) any activity designed by Merchant to circumvent a "call center" message when attempting to process a transaction; (c) Merchant breaches this Agreement, violates any representation, covenant or warranty herein, violates any applicable Card Association rule or applicable law; (d) Merchant's application is in any way inaccurate or becomes inaccurate subsequent to Bank's approval of the application; (e) Merchant changes its type of business without Bank's prior written approval; (f) fraud, Merchant processes an unauthorized charge, or other action that violates Bank's or ETS CORPORATION'S applicable risk management standards or is likely to cause a loss; (g) Merchant has chargebacks exceeding 1% of the total number of transactions completed by Merchant in any 30 calendar day period; (h) excessive numbers of requests from consumers or issuing banks to retrieve documentation; (i) Merchant's financial stability is in question or Merchant ceases doing business; or (j) Merchant terminates this Agreement. Once the Reserve Account is established, collected funds will be placed in the Reserve Account. Before releasing funds after this Agreement is terminated, Merchant will pay any equipment cancellation fees and any outstanding charges, losses or amounts, and Chargebacks for which Merchant has provided indemnification under this Agreement. Further, Bank or ETS CORPORATION may require Merchant to deposit additional amounts based upon Merchant's processing history and/or anticipated risk of loss to Bank or ETS CORPORATION into the Reserve Account. Once established, unless Bank or ETS CORPORATION determines otherwise at its sole discretion, the Reserve Account will remain in place for 180 days and a reasonable period thereafter during which Cardholder disputes may remain valid under applicable Card Association rules. The provisions of this Agreement relating to account debits and credits apply to the Reserve Account and survive this Agreement's termination until Bank terminates the Reserve Account. Any balance remaining after chargeback rights have expired and all of Bank's or ETS CORPORATION'S other expenses, losses and damages have been paid will be disbursed to Merchant.

#### ARTICLE IV - TERMINATION AND EFFECT OF TERMINATION

- 4.01 **Term.** This Agreement will be effective once Bank and ETS CORPORATION accepts it and, unless otherwise terminated, will continue for three (3) years with automatic three-year renewals thereafter until Merchant provides written notice of non-renewal given not less than 30 days before the end of the then-current term.
- 4.02 **Termination.**
- (a) **Without Cause.** Bank or ETS CORPORATION may terminate this Agreement, without cause, upon 30 days advance written notice to Merchant.
- (b) **For Cause.** Bank or ETS CORPORATION may terminate this Agreement in its sole discretion, effective immediately, upon written or verbal notice, or by closing Merchant's point-of-sale terminal, if Bank or ETS CORPORATION reasonably determines that any of the following conditions exists: (i) Merchant has violated any provision of this Agreement; (ii) there is a material adverse change in Merchant's financial condition; (iii) if any case or proceeding is commenced by or against Merchant under any federal or state law dealing with insolvency, bankruptcy, receivership or other debt relief; (iv) any information which Merchant provided to Bank or ETS CORPORATION, including Application information, was false, incomplete or misleading when received; (v) at any time during the term of this Agreement, Merchant has had a monthly ratio of Chargebacks to total transactions exceeding Card Association requirements or 1%, or Chargebacks exceed 3% of any monthly dollar amount of total transactions; (vi) an overdraft in the settlement account exists for more than three days; (vii) Merchant or any of Merchant's officers or employees has been involved in processing transactions arising from fraudulent or otherwise unauthorized transactions; (viii) Merchant is or will be unable or unwilling to perform its obligations under this Agreement or applicable law; (ix) Merchant has failed to timely pay Bank or ETS CORPORATION any amount due; (x) Merchant has failed to promptly perform or discharge any obligation under its settlement account or the Reserve Account; (xi) any of Merchant's representations or warranties made in connection with this Agreement was not true or accurate when given; (xii) Merchant has defaulted on any agreement it has with the Bank or ETS CORPORATION; (xiii) Bank or ETS CORPORATION is served with legal process seeking to attach or garnish any of Merchant's funds or property in Bank's or ETS CORPORATION's possession, and Merchant does not satisfy or appeal the legal process within 15 days of such service; (xiv) any Card Association rules are amended in any way so that the continued existence of this Agreement would cause Bank or ETS CORPORATION to be in breach of those rules; (xv) any guaranty supporting Merchant's obligations is revoked, withdrawn, terminated or altered in any way; (xvi) if any circumstances arise regarding Merchant or its business that create harm or loss of goodwill to any Card Association; (xvii) termination is necessary to prevent loss to Bank or ETS CORPORATION or Card Issuers; (xviii) Merchant's type of business indicated on the Application or as conducted by Merchant could endanger the Bank's or ETS CORPORATION's safety or soundness; (xix) Merchant's owner, officer, guarantor, or corporate entity has a separate relationship with the Bank or ETS CORPORATION and that relationship is terminated, (xx) Merchant appears on any Card Association's security reporting; or (xxi) Bank's or ETS CORPORATION's security for repayment becomes impaired.
- 4.03 **Effect of Bankruptcy.** Any account or security held by Bank or ETS CORPORATION will not be subject to any preference, claim or stay by reason of bankruptcy or similar law. The parties expressly agree that the acquisition of Card Transactions hereunder is a financial accommodation and if Merchant becomes a debtor in any bankruptcy or similar proceeding, this Agreement may not be assumed or enforced by any other person and Bank or ETS CORPORATION will be excused from performance hereunder.
- 4.04 **Effect of Termination.** When termination becomes effective, the parties' rights and obligations existing under this Agreement survive. If this Agreement is terminated, regardless of cause, Bank or ETS CORPORATION may withhold and discontinue the disbursement for all Cards and other Merchant Transactions in the process of being collected and deposited. If Merchant is terminated for cause, Merchant acknowledges that Bank or ETS CORPORATION may be required to report Merchant's business name and the names and other identification of its principals to the MATCH file maintained by Visa, Discover, and MasterCard. **Merchant expressly agrees and consents to such reporting if Merchant is terminated for any reason requiring listing on the MATCH file.** Merchant waives and will hold harmless Bank or ETS CORPORATION from any claims that Merchant may raise as a result of Bank's or ETS CORPORATION's MATCH file reporting. Merchant will also immediately cease requesting Authorizations. If Merchant obtains any Authorization after termination, the fact that any Authorization was requested or obtained will not reinstate this Agreement. Further, Merchant will return all Bank or ETS CORPORATION property, forms, or equipment. All obligations for Transactions prior to termination (including payment for Chargebacks and Bank's or ETS CORPORATION's expenses relating to Chargebacks) survive termination. Bank or ETS CORPORATION is not liable to Merchant for damages (including prospective sales or profits) due to termination. Following termination, Merchant will upon request provide Bank or ETS CORPORATION with all original and electronic copies of Sales Drafts and Credit Vouchers that have been retained by Merchant as of the date of termination. Upon termination, any amounts due to Bank or ETS CORPORATION will accelerate and be immediately due and payable, without any notice, declaration or other act whatsoever by Bank or ETS CORPORATION. The parties agree that if this Agreement is terminated before completion of the initial term of this Agreement for any reason other than a material uncurable breach by Bank or ETS CORPORATION, Merchant will pay Bank or ETS CORPORATION damages determined by (a) computing the number of months remaining from the date of termination to the end of the then current term, and (b) multiplying that number by the average monthly processing fees and adding Bank's or ETS CORPORATION's costs and attorneys' fees. Merchant agrees that these damages are not a penalty but are a reasonable computation of the financial harm caused by the termination of this Agreement. Bank's or ETS CORPORATION's rights of termination are non-cumulative.

#### ARTICLE V - MISCELLANEOUS

- 5.01 **Account Monitoring.** Merchant acknowledges that ETS CORPORATION and/or Bank will monitor Merchant's daily deposit activity. Merchant agrees that Bank may upon reasonable grounds suspend the disbursement of Merchant's funds for any reasonable period of time required to investigate suspicious or unusual deposit activity. ETS CORPORATION and/or Bank will make good faith efforts to notify Merchant promptly. ETS CORPORATION and/or Bank will not be liability for any losses, either direct or indirect, which Merchant may attribute to any suspension of funds disbursement.
- 5.02 **Forms.** Merchant will use only such forms or modes of transmission of Sales Drafts and Credit Vouchers as are provided or approved in advance by Bank or ETS CORPORATION, and Merchant will not use such forms other than in connection with Card Transactions.
- 5.03 **Indemnification.** Merchant will defend, indemnify and hold Bank and ETS CORPORATION and its officers, directors, members, shareholders, partners, employees, agents, subcontractors and representatives harmless from and against any and all fines, penalties, claims, damages, expenses, liabilities or fees of any nature whatsoever, including attorneys' fees and costs ("Damages"), asserted against or incurred by Bank and ETS CORPORATION arising out of, relating to or resulting from, either directly or indirectly: (a) a breach of the security of the system safeguarding Cardholder Information resulting in unauthorized access to Cardholder Information; (b) a breach of any representation, warranty or term of this Agreement, including, but not limited to, the data security provisions by Merchant, or any service provider, subcontractor or agent of Merchant; (c) the negligence, gross negligence or willful misconduct of Merchant in the performance of its obligations under this Agreement, including, but not limited to, the data security provisions; (d) any violation of applicable federal and state laws, rules, regulations and guidance and Card Association rules by Merchant; and (e) all third party claims arising from the foregoing. Notwithstanding the preceding, Merchant is not liable to Bank or ETS CORPORATION if Damages are caused by, related to or arise out of Bank's or ETS CORPORATION's negligence, gross negligence or willful misconduct, or Bank's or ETS CORPORATION's breach of this Agreement. Merchant will promptly reimburse Bank or ETS CORPORATION for any assessments, fines, fees or penalties imposed by the Card Association in connection with this Agreement, including the data security provisions, and authorizes Bank or ETS CORPORATION to deduct any such sums from amounts to be cleared and settled with Merchant.
- 5.04 **Records.** In addition to any records merchants routinely furnished to Bank or ETS CORPORATION pursuant to this Agreement, Merchant will preserve a copy of the actual paper Sales Drafts and Credit Vouchers and any written authorization of the Cardholder for at least two (2) years after the date Merchant presents the Transaction to Bank.
- 5.05 **Requests for Copies.** Immediately upon receipt of any request by Bank or ETS CORPORATION, Merchant will provide either the actual paper Sales Draft or a legible copy thereof (in size comparable to the actual Sales Draft) and any other documentary evidence available to Merchant and reasonably requested by Bank or ETS CORPORATION to meet Bank's and ETS CORPORATION's obligations under law (including its obligations under the Fair Credit Billing Act) or otherwise to respond to questions concerning Cardholder accounts.
- 5.06 **Compliance with Law.** Merchant will comply with all laws applicable to Merchant, Merchant's business and any Card Transaction, including without limitation all state and federal consumer credit and consumer protection statutes and regulations.
- 5.07 **Fees and Charges.** Merchant will pay to Bank or ETS CORPORATION the fees and charges set forth on Schedule A including any additional charges applied to transactions that fail to meet Card Association requirements for the lowest interchange levels. Merchant's Account will be debited through ACH or withheld from daily payments to Merchant for such amounts and for any other fees, charges or adjustments incurred by Merchant and associated with processing services. Bank or ETS CORPORATION may change fees, including adding fees for additional services utilized by Merchant, upon 30 days written notice to Merchant.

- 5.08 **Security Interest.** To secure payment of Merchant's obligations under this Agreement, Merchant grants to Bank and ETS CORPORATION a security interest in all now existing or hereafter acquired: (a) Transactions, Sales Drafts, Credit Vouchers and other items submitted to Bank and ETS CORPORATION for processing by or for Merchant; (b) accounts receivable and payment rights relating to or arising from this Agreement, including all amounts due Merchant (including any rights to receive credits or payments hereunder); (c) accounts (including without limitation all deposit accounts) maintained with the Bank or ETS CORPORATION or any institution other than Bank or ETS CORPORATION, including the Reserve Account, in the name of or for the benefit of, Merchant or any guarantor of Merchant's obligations under this Agreement; (d) deposits, regardless of source, to Merchant's or any guarantor's accounts with Bank or ETS CORPORATION or any institution other than Bank or ETS CORPORATION, including the Reserve Account; (e) all deposits and all other property and funds deposited by Merchant or withheld by Bank or ETS CORPORATION, including funds and property withheld as the result of security monitoring; and (f) proceeds of the foregoing. If Bank or ETS CORPORATION reasonably determines that Merchant has breached any obligation under this Agreement, or that proceeds of Merchant's future card sales are unlikely to cover anticipated Chargebacks, credits, fees and adjustments, as reasonably determined by Bank or ETS CORPORATION (whether because this Agreement has been terminated or for any other reason), Bank or ETS CORPORATION may setoff or otherwise exercise its security interest without notice or demand by immediately withdrawing from or freezing any account or otherwise exercising its rights under this Agreement or those rights available under applicable laws, including the Utah Uniform Commercial Code, or in equity. In addition to the collateral pledged above, Bank or ETS CORPORATION may require Merchant to furnish such other and different security as Bank or ETS CORPORATION deems appropriate in its sole discretion to secure Merchant's obligations under this Agreement. Bank or ETS CORPORATION may fully or partially prohibit withdrawal by Merchant of funds from Merchant's deposit accounts maintained with Bank or ETS CORPORATION or financial institutions other than Bank or ETS CORPORATION, pending Bank's or ETS CORPORATION's determination from time to time to exercise its rights as a secured party against such accounts in partial or full payment of Merchant's obligations to Bank or ETS CORPORATION. Merchant will execute any documents and take any actions required to comply with and perfect any security interest under this paragraph, at Merchant's cost. Merchant represents and warrants that no other party has a security interest or lien in any of the collateral pledged above, and Merchant will obtain Bank's or ETS CORPORATION's written consent before it grants a lien or security interest in that pledged collateral to any other person.
- 5.09 **Modifications to Agreement.** This Agreement is subject to amendment to conform with Card Association regulations, as amended from time to time. From time to time Bank and ETS CORPORATION may amend any provision or provisions of this Agreement, including, without limitation, those relating to the discount rate or to other fees and charges payable by Merchant by mailing written notice to Merchant of the amendment at least thirty (30) days prior to the effective date of the amendments, and the amendment will become effective unless Bank or ETS CORPORATION receives Merchant's notice of termination of this Agreement before such effective date. Amendments required due to changes in either Card Association's rules and regulations or any law or judicial decision may become effective on such shorter period of time as Bank may specify if necessary to comply with the applicable rule, regulation, law or decision.
- 5.10 **Warranty Disclaimer.** ETS CORPORATION MAKES NO WARRANTIES REGARDING THE USE, OPERATION OR PERFORMANCE OR NON-PERFORMANCE OF SOFTWARE AND SYSTEMS UTILIZED FOR THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED, AND ETS CORPORATION EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- 5.11 **Limitation of Liability.** Bank's and ETS CORPORATION's liability with respect to any Card Transaction may not exceed the amount of the Sales Draft in connection with that Transaction less any applicable fees and charges. **Bank and ETS CORPORATION is not liable for any incidental or consequential damages whatsoever.** Merchant waives all claims against Bank and ETS CORPORATION for any loss, claim, demand, penalty, action, delay, cost or expense (including reasonable attorneys' fees) of any kind unless Merchant provides written notice to ETS CORPORATION or Bank of the occurrence that gave rise to the alleged liability within 30 days after Merchant knew or should have known of the occurrence. Merchant will indemnify and hold Bank and ETS CORPORATION harmless from any claim relating to any Sales Draft paid for by Bank as may be made by anyone by way of defense, dispute, offset, counterclaim or affirmative action, or for any damages or losses that Bank or ETS CORPORATION may incur as a result of Merchant's breach of this Agreement. Further, Merchant will reimburse Bank or ETS CORPORATION for all expenses and costs, including attorneys' fees, with regard thereto.
- 5.12 **Waiver.** Failure by Bank or ETS CORPORATION to enforce one or more of the provisions of this Agreement will not constitute a waiver of the right to enforce the same or other provision in the future.
- 5.13 **Written Notices.** All written notices and other written communications required or permitted under this Agreement will be deemed delivered immediately when hand-delivered or sent via facsimile and the sender obtains a fax confirmation receipt, and upon mailing when sent first class mail, postage prepaid, addressed as follows:  
(a) ETS CORPORATION, 10 Pidgeon Hill Drive, Suite 200, Sterling, VA 20165  
(b) Bank: Merrick Bank Corporation, 10705 South Jordan Gateway, Suite 200, South Jordan, UT 84095, Attn: SVP of Merchant Services, Facsimile: (516)576-8741;  
(c) If to Merchant: At the facsimile number or address provided as the billing address and to the contact listed on the Merchant Application.
- 5.14 **Choice of Law; Jurisdiction.** Utah law governs this Agreement. Any claim or cause of action arising out of this Agreement against Bank must be initiated and maintained exclusively in the state or federal courts located in Salt Lake County, Utah.
- 5.15 **Entire Agreement; Assignability.** This Agreement expresses the entire understanding of the parties with respect to the subject matter hereof and except as provided herein, may be modified only in writing executed by Bank and ETS CORPORATION and Merchant. This Agreement may not be assigned, directly or by operation of law, without Bank's and ETS CORPORATION's prior written consent. This Agreement will be binding upon and inure to the benefit of the parties' respective heirs, personal representatives, successors and assigns.
- 5.16 **Deposit Account.** Merchant will at all times maintain an Account at a bank that is a member of the Federal Reserve ACH system and will provide Bank and ETS CORPORATION with proper authorization to debit the Account. All credits for collected funds and debits for fees, payments and Chargebacks and other amounts for which Merchant is liable under the terms of this Agreement will be made to the Account. Merchant may not close or change the Account without written notice to Bank and ETS CORPORATION. Merchant will be solely liable for all fees and costs associated with the Account and for all overdrafts. Merchant hereby grants to Bank and ETS CORPORATION a security interest in the Account to the extent of any and all fees, payments and Chargebacks and other amounts due which may arise under this Agreement, and Merchant will execute any document and obtain any consents or waivers from the bank at which the Account is maintained as requested by Bank and ETS CORPORATION to protect its security interests therein.
- 5.17 **Credit and Financial Inquiries; Additional Locations; Inspections.** Bank or ETS CORPORATION may make, at any time, any credit inquires which it may consider necessary to accept or review acceptance of this Agreement or investigate Merchant's deposit or Card acceptance activities subsequent to acceptance of this Agreement. Such inquiries may include, but are not limited to, a credit and/or criminal check of the business including its proprietor, partners, principal owners or shareholders or officers. Upon Bank's or ETS CORPORATION's request, Merchant will provide the written consent of any person for which an inquiry has been or is to be made if such person has not executed this Agreement and will provide any financial statements, income tax and business tax returns and other financial information as Bank or ETS CORPORATION may consider necessary to perform initial or periodic reviews of Merchant's financial stability and business practices. Merchant may accept Cards only at locations approved by Bank or ETS CORPORATION. Additional locations may be added, subject to Bank's or ETS CORPORATION's approval. Any party to this Agreement may delete any location by providing notice as provided herein. Merchant will permit Bank or ETS CORPORATION, at any time and from time to time, to inspect locations to confirm that Merchant has or is adhering to the terms of this Agreement and is maintaining the proper facilities, equipment, inventory, records and license or permit (where necessary) to conduct its business. However, nothing in this paragraph may be deemed to waive Merchant's obligation to comply in all respects with the terms of this Agreement. Bank or ETS CORPORATION, its internal and external auditors, and its regulators may audit compliance with this Agreement, compliance with federal and state laws, rules, regulations and guidance applicable to the services, Card acceptance and Transaction processing, and data security provisions, including Card Association compliance. Merchant will make available its records maintained and produced under this Agreement, and Merchant's facilities will be made accessible, upon notice during normal business hours for examination and audit. Nothing in this section may be construed to require Merchant to give access to its facilities, personnel or records in a manner that unreasonably interferes with its business operations. Each party will bear its expenses of any audit.
- 5.18 **Marketing of Non-Bankcard Services.** From time to time, Bank may offer to Merchant certain additional products and services which may or may not be related to the processing of credit card Transactions. If such offers are made, Merchant may decline the offers or be deemed to have accepted the offers and be liable for payment therefore.
- 5.19 **Force Majeure.** The parties will be released from liability hereunder if they fail to perform any obligation where the failure occurs by reason of any act of God, fire, flood, storm, earthquake, tidal wave, communications failure, sabotage, war, military operation, terrorism, national emergency, mechanical or electronic breakdown, civil commotion or the order, requisition, request or recommendation of any governmental authority, or either party's compliance therewith, or governmental regulation, or priority, or any other similar cause beyond either party's reasonable control.
- 5.20 **No Third Party Beneficiary.** No other person or entity may be deemed to be a third party beneficiary of this Agreement.

**Incode/ETS Integrated Solution:**

We are fully integrated with the Incode, meaning you can run a credit card transaction directly through Incode and Incode developed website payment page without involving any third party software or separate phone line terminals. ETS supports all types of transactions: swiped, manually entered, ecommerce and recurring billing. With our auto-settle feature, you won't have to worry about manually batching out and settling each night or the human error factor of forgetting - we do it for you. ETS gives you full auditing capabilities.

You will also have access to EMoney, which is our online processing/reporting system. EMoney is accessible from any pc with Internet connection and provides real time reporting (batches, transactions, details...) of all transactions processed directly through the Incode Court module and on the Incode developed website payment page.

All other processors require you to use a gateway/third party to process a transaction through Incode. A gateway/third party typically charges a setup fee/annual licensing fees, monthly fees, and per transaction fees - in addition to the processors fees.

ETS completely eliminates the need for a gateway/third party and provides you with a total solution. Whenever you have a question you have one call to make - to ETS vs the multi-layered solution all other processors need to support you processing through Incode.

**Pricing:**

ETS offers Interchange plus pricing structure, where each card type under Visa and MasterCard will qualify at the exact Interchange rate associated with that card type and with an even mark up on each Interchange tier. Interchange is "cost" to any processor. Interchange Plus pricing is the only 100% transparent pricing a processor can provide to a merchant. Most processors group the Interchange tiers into "buckets - Qualified, Mid Qualified, and Non-Qualified" and charge the merchant the highest rate for a grouping of cards.

There is a % + a per item fee on every transaction. In addition, there are assessment fees charged by Visa and MasterCard. Visa = .11% and MC = .11%. The assessment fees are added on top of the Interchange fees and go to Visa and MC. The Interchange fees go to the Card Issuers. Interchange plus assessments is the base transaction cost to **all** processors. It is up to the processor on how they charge the merchant above and beyond interchange as their profit. Not all processors price fairly. They will often group and pad the interchange tiers. ETS gives straight cost plus pricing and we will never increase your mark up. Interchange plus a set % and per item markup is the fairest way to be charged. You will always pay more if you are not on Interchange plus pricing.

Discount Rate: Interchange plus Twenty Basis Points (.20)

Per-Item Fee: Interchange plus Ten Cents (\$ .10)

**Utility Billing Program:**

Utility payments can qualify for the Visa/MC Program where you receive a special downgrade for all cards that qualify under the Utility Program. The majority of your transactions should qualify under the Utility Interchange tier at .11% and \$.75 per transaction. For all non-utility program qualifying cards, you will see a range of rates depending on the card type presented (check card, business/corporate card, etc.) and how it is entered into the system (swiped vs. key-entered).

*If enrolled in the Visa Utility Program a Convenience/Surcharge Fee cannot be charged for any type of Utility transaction.*

Visa Utility Program Interchange Tiers:

Utility Consumer	.11% and \$.75/transaction
Utility Business	.11% and \$1.50/transaction
Utility Debit	.11% and \$.65/transaction

MasterCard Utility Program Interchange Tiers:

Utilities	.11% and \$.65/transaction
Utilities Enhanced	.11% and \$.65/transaction
Utilities World	.11% and \$.65/transaction
Utilities High Value	.11% and \$.75/transaction
Utilities World Elite	.11% and \$.75/transaction
Utilities Debit	.11% and \$.45/transaction
Utilities Business	.11% and \$1.50/transaction
Utilities Bus Enhanced	.11% and \$1.50/transaction
Utilities Bus World	.11% and \$1.50/transaction
Utilities Bus World Elite	.11% and \$1.50/transaction

Example of \$50 transaction under the Visa Utility Consumer Interchange tier:

\$50 @ .31%	= \$.16
<u>\$.85 @ 1</u>	<u>= \$.85</u>
Total	= \$1.01

Example of \$50 transaction under the Visa Utility Debit Interchange tier:

\$100 @ .31%	= \$.16
<u>\$.75 @ 1</u>	<u>= \$.75</u>
Total	= \$.91

**NOT Enrolled in Visa Utility Program:**

If NOT enrolled in the Visa Utility Billing Program you can charge a Surcharge to your customers. You can estimate the Overall Effective Rate (total fees / total card volume) for a Retail/face to face account is about 2.00% and the Overall Effective Rate for an Ecom/online and MOTO/Recurring billing to be about 2.50%.

**Security - PCI DSS Compliance:**

The TransVault solution we provide to Incode users removes you from the scope of PCI Compliance.

**With ETS there are ZERO:** Application fees, Reprogramming fees, Batch header fees, Maintenance Fees, Authorization Fees, Customer/tech support fees.

We are fully integrated with Incode, meaning that our software is embedded within their software, so no additional software or installation is required. The one thing you would want to invest in is a card reader for each station that would take face-to-face payments. Incode will provide you with the readers. They are easy, plug and go units that attach to the monitor of the PC with little velcro strips and plug into the USB port of the computer.

We deposit funds into your account 24-48 hours after settlement and ACH the processing fees the first week of the following month.

You are never locked into a contract and free to leave at any time without penalty.

RESOLUTION NO. 1086

A RESOLUTION APPROVING AN AGREEMENT WITH FRENCH-RENEKER-ASSOCIATES, INC. FOR THE PREPARATION OF A RESOURCE ENHANCEMENT AND PROTECTION (REAP) GRANT APPLICATION IN THE AMOUNT OF \$1,200.

WHEREAS, the City Council would like to ensure that West Branch residents are more easily able to access the Hoover Trail; and

WHEREAS, the City Council has identified a worthy project in the vicinity of the Hoover Trail and North Downey Street; and

WHEREAS, the project would include construction of a pedestrian bridge allowing residents who live in the West Branch Village Mobile Home Community to access the Hoover Trail; and

WHEREAS, French-Reneker-Associates, Inc. has prepared successful REAP Grant Applications in the past; and

WHEREAS, French-Reneker-Associates, Inc. has experience designing pedestrian bridges that have been constructed by community volunteers; and

WHEREAS, if the City of West Branch able to obtain a REAP Grant, the total cost of the project to the City is estimated at \$17,200.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of West Branch, Cedar County, Iowa, that the City Council approves an agreement with French-Reneker-Associates, Inc. for the preparation of a Resource Enhancement and Protection (REAP) Grant Application in the amount of \$1,200.

Passed and approved this 4th day of March, 2013.

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Mark Worrell, Councilperson

ATTEST:

---

Matt Muckler, City Administrator/Clerk

# FRENCH - RENEKER - ASSOCIATES, Inc.

Donald E. French (1921-1982)

W. Daniel Reneker, PE (retired)

1501 S. MAIN STREET

PO BOX 135

FAIRFIELD, IOWA 52556

641-472-5145

Fax 641-472-2653

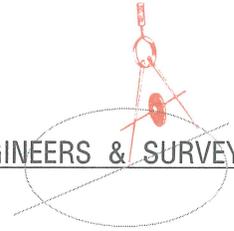
email@french-reneker.com

www.french-reneker.com

ENGINEERS & SURVEYORS

John W. Meyer, PE ● Stephen W. Hausner, PE-PLS ● David H. Fredericks, PE ● Kent O. Rice, PE

Jason C. Hull, PLS ● Matthew P. Walker, PE ● Melanie A Carlson, PE, LEED - AP



February 18, 2013

Mr. Matt Muckler  
City Administrator  
110 N. Poplar Street  
PO Box 218  
West Branch, IA 52358

RE: West Branch REAP Trail Application

Dear Matt,

We understand you would like assistance with the preparation of a Resource Enhancement and Protection (REAP) grant application for about 700 feet of trail to connect the existing Hoover Nature Trail to Hames Manufactured Home Communities. The trail is complicated by the connection crossing the West Branch Wapsinonoc Creek within a FEMA designated "No Build" zone.

We understand you will provide support letters from at least three different organizations in addition to the City of West Branch and a list of at least five bullet points as to why this is a good project.

We will then prepare a REAP application including narrative to support the project, aerial photographs showing the project, ground photographs showing the project, and a cost estimate for the proposed trail.

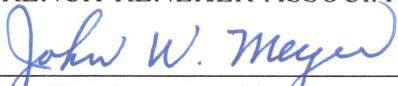
The REAP applications will be reviewed around September 1, 2013. You should have someone attend the meeting when they review the applications in Des Moines. For this project, it would be very good to have one City representative (yourself, the mayor, or a council member), a representative from the Hames Community, and another citizen from the community. I have never tried this before, however, a Junior-High age person from the Hames community may be very effective.

We intend to complete this work by August 1, 2013, if you can authorize us to begin work in March 2013. The REAP applications are due August 15, 2013.

We propose to do this work for a lump sum fee of \$1,200.

If the above description of work, schedule, and proposed fee are satisfactory to you, please sign one copy of this letter in the space provided at the bottom and return it to us as our authorization to begin work.

Approved:  
FRENCH-RENEKER-ASSOCIATES, INC.

  
\_\_\_\_\_  
John W. Meyer, President

Cordially,  
FRENCH-RENEKER-ASSOCIATES, INC.

  
\_\_\_\_\_  
Kent O. Rice, PE

The undersigned promises to pay all costs of collection, including attorney fees, which may be incurred in the collection of the sums due French-Reneker-Associates, Inc., pursuant to the terms of this agreement.

Payments not received within 30 days of receipt of invoice will be considered delinquent and will be subject to a late charge of 10% per annum calculated from the 31<sup>st</sup> day after date of original invoice.

The undersigned agrees that the proposed fee, description of work, and schedule are satisfactory and hereby authorize French-Reneker-Associates, Inc., to perform the work described.

Signed: \_\_\_\_\_  
Date: \_\_\_\_\_

FRENCH - RENEKER - ASSOCIATES, Inc.  
 Engineers & Surveyors  
 1501 S. Main Box 135  
 Fairfield, Iowa 52556  
 641-472-5145  
 www.french-reneker.com

DATE \_\_\_\_\_  
 BY \_\_\_\_\_  
 CHECKED \_\_\_\_\_  
 REVISED \_\_\_\_\_

PROJECT \_\_\_\_\_  
 PROJECT NO. \_\_\_\_\_  
 SUBJECT \_\_\_\_\_

WEST BRANCH  
 TRAIL FROM TRAILER PARK TO  
 HOOVER HAYSTACK TRAIL  
 WEST BRANCH, IOWA  
 2013

12,500 EQUARDS

700' of 10' Wide Sidewalk

1. Site Preparation	1 L.S.	3,000	3,000
2. 6" Trail	800 S.Y.	40	32,000
3. 8'x4' Box Culvert	16 L.F.	500	8,000
4. 6'x4' End Sections	2 EA.	10,000	20,000
5. Seeding and Cleanup	1 L.S.	3,000	3,000
6. Mobilization	1 L.S.	2,500	2,500
			<u>68,500</u>
			Hydraulic Analysis 7,500
			Engineering Design 4,000
			Engineering During Constr. 6,000
			Grant Administration 1,000
			Contingencies 5,000
			<u>91,000</u>
			TOTAL \$ 91,000
			Max. Grant 75,000
			<u>16,000</u>
			Local Funds \$ 16,000

FRENCH - RENEKER - ASSOCIATES, Inc.  
 Engineers & Surveyors  
 1501 S. Main Box 135  
 Fairfield, Iowa 52556  
 641-472-5145  
 www.french-reneker.com

DATE \_\_\_\_\_  
 BY \_\_\_\_\_  
 CHECKED \_\_\_\_\_  
 REVISED \_\_\_\_\_

PROJECT \_\_\_\_\_  
 PROJECT NO. \_\_\_\_\_  
 SUBJECT \_\_\_\_\_

WEST BRANCH  
 TRAIL FROM HOWLER PARK TO HOWLER  
 NATURE TRAIL  
 WEST BRANCH, IOWA  
 2013

LOCAL FUNDING ONLY

700' of 5' wide x 6" thick sidewalk

1. Site Preparation	Donated		0
2. 6" Sidewalk (Labor donated)	70 C.Y.	100	7000
3. 8' x 4' Box Culvert	1 A.L.F.	580	7,700
4. 8' x 4' End Sections - Don't use			0
5. Seeding and Cleanup	Donated		0
6. Mobilization for Crane	1 LS		<u>5,500</u>
	TOTAL		17,200
	Hydraulic Analysis		7,500
	Engn. Design		5,000
	Contingencies		<u>5,000</u>
	TOTAL		19,700
	ALL LOCAL		