

OHIO TURNPIKE COMMISSION

Resolution Authorizing Participation in the State of Ohio Agency Participation Agreement for American Express Card Acceptance

WHEREAS, via Resolution 1-2009, the Commission authorized a contract between the Commission and Electronic Merchant Services ("EMS") of Independence, Ohio, under which EMS is providing credit card transaction processing services; and

WHEREAS, when the new Toll Collection System and Customer Service Center go live in the fourth quarter of 2009, the Commission plans to allow customers to use VISA, MasterCard, American Express or Discover cards to pay for tolls or to set up *E-ZPass*[®] accounts; and

WHEREAS, at the outset, EMS advised Commission staff that American Express, unlike VISA, MasterCard and Discover is a "private label" credit card with which EMS has a separate retail agreement; and

WHEREAS, under said retail agreement with American Express, EMS will charge the retail card acceptance fee of 3.25% per transaction as opposed to the pre-established card network rate available for VISA, MasterCard and Discover transactions and, in addition, will assess a charge to the Commission of \$.20 for processing each American Express transaction, and

WHEREAS, under said retail agreement, EMS also cannot provide direct transaction reconciliation services should a question ever arise concerning an American Express transaction; and

WHEREAS, American Express and the State of Ohio, through the Treasurer of State's Office, are parties to a Master Agreement under which numerous state agencies and other governmental entities that accept payment via American Express have been pooled together under one "Agency Participation Agreement" at a more favorable card acceptance rate of 2.20% per each transaction; and

WHEREAS, the Treasurer of State has granted permission for the Ohio Turnpike Commission to be covered by the Agency Participation Agreement pursuant to the favorable card acceptance rate contained therein; and

WHEREAS, because the rate contained in the Agency Participation Agreement of 2.20% per transaction is significantly less than the retail rate of 3.25% per transaction available for American Express transactions via EMS, both EMS and the Commission's CFO/Comptroller agree that the Commission should join in the State of Ohio's Agency Participation Agreement; and

WHEREAS, the Director of Contracts Administration advises that the Commission may legally enter into the State of Ohio's Agency Participation Agreement for American Express Card Acceptance at 2.20% of each transaction and continue to pay \$.20 for processing each such transaction to EMS; and

WHEREAS, expenditures by the Commission with American Express under the Agency Participation Agreement will eventually exceed \$150,000, and, therefore, in accordance with Article V, Section 1.00 of the Commission's Code of Bylaws, Commission action is necessary to authorize joining in said Agreement; and

WHEREAS, the Executive Director has considered the recommendations of the CFO/Comptroller and the Director of Contracts Administration and concurs that the Commission should take advantage of the more favorable rate available under the State of Ohio's Agency Participation Agreement for American Express Card Acceptance; and

WHEREAS, the Commission has duly considered such recommendations.

NOW, THEREFORE, BE IT

RESOLVED that the Commission hereby authorizes and directs the Executive Director and the Director of Contracts Administration to take the action necessary to join in the State of Ohio's Agency Participation Agreement for American Express Card Acceptance and, if required, to make any changes to the Commission's Contract with EMS in order to accommodate said action.

(Resolution No. 26-2009 adopted July 20, 2009)