

Memorandum



FROM: Denise Keller, Finance Officer
DATE: July 17, 2015
TO: Mayor Pogue, Board of Aldermen
RE: Mastercard Credit Cards

At the June 22 meeting the Board considered a request from the Administration to replace the current Mastercard credit cards issued through Sam's Club with Mastercard credit cards issued through MOSIP, the Missouri Securities Investment Program. The Sam's Club cards are secured with a personal guarantee by the previous Finance Officer, Glenda Loehr. The MOSIP cards would be secured by the general credit of the City. Mastercard is the only type of card being considered because our staff frequently shops at Sam's Club, and that store does not accept Visa credit.

The Sam's Club card program is a rewards program, allowing the City to earn an annual cash rebate based on spending volume. The average rebate over the past three years has been \$1,377.00. Because of the low monthly credit limit (\$15,000) these cards were only used for travel, online purchases and in-store purchases at Sam's Club, Target, etc.

The City has the opportunity under the MOSIP program, which is also a rewards program, to establish a higher credit limit. This would allow the City to pay invoices from vendors with a credit card and increase the annual rebate. These bills would be the same ones we pay currently with a check or an electronic funds transfer. They would still be paid through the Accounts Payable (A/P) department and require the same approvals by department heads or by the City Administrator. Expenditures made with any City credit card must follow the purchasing and approval procedures outlined in section 2-4.1 of the Code of Ordinances just as all other expenditures do. They must also adhere to the constraints imposed by the Board adopted budget, just as all other expenditures must. The A/P department would not have a physical card but instead have what is known as a "ghost card", which is essentially a credit card number to use for phone and internet transactions.

The tiers of the rebate schedule are as follows:

Annual Purchasing Volume	Rebate %	Annual Rebate
\$50,000 - \$99,999	0.25%	\$125 - \$250
\$100,000 - \$299,999	0.40%	\$400 - \$1,200
\$300,000 - \$799,999	0.45%	\$1,350 - \$3,600
\$800,000 - \$1,499,999	0.55%	\$4,400 - \$8,250

At the Board's request, we contacted our vendors with whom we have a high spending volume. Our expenditures with just three vendors who accept credit card payments combined with our current annual credit card spending level would exceed \$840,000 annually, earning the City a rebate of about \$4,600.

If the Board is comfortable with using the program to pay vendor invoices, a minimum credit limit of \$210,000 would be needed. If the Board would prefer that the new Mastercards be used only as the current ones are, a minimum credit limit of \$30,000 would be required.

RESOLUTION OF BOARD

WHEREAS it is in the best interest of the City of Ballwin to enter into an arrangement with the Bank to provide the City with credit by way of a Corporate MasterCard account;

WHEREAS the City has the power and authority to borrow money and otherwise obtain credit and to grant security on its assets;

BE IT RESOLVED:

1. THAT the City of Ballwin is authorized to enter into an arrangement with the Bank to provide the City with credit by way of a Corporate MasterCard account in an amount of up to US\$315,000, or such greater amount as the officers of the City may from time to time deem appropriate, under which arrangement employees of the City may be issued with Corporate Cards on the MasterCard corporate account of the City with the Bank and the City of Ballwin shall be responsible for the payment of all amounts, including fees and interest, charged to such corporate account, the whole substantially on the terms and conditions set forth in the draft Corporate MasterCard Account Agreement submitted to and hereby approved by the Board;
2. THAT the City Administrator or Acting City Administrator is hereby authorized to sign for and on behalf of the City a Corporate MasterCard Account Agreement with the Bank substantially on the terms and conditions of the draft thereof approved by the Board, with such changes or modifications as the person so signing may in his sole discretion deem appropriate, and to sign such other documents and do such other things he in his sole discretion deem appropriate or advisable in connection with or to give effect to such Corporate MasterCard Account Agreement and the program contemplated thereunder.

I, the undersigned, City Clerk of the City of Ballwin hereby certify that the foregoing is a true, correct and complete copy of a resolution of the Board of Aldermen passed effective the 27nd day of July 2015, and the said resolution is in full force and effect and unamended as of the date hereof.

This _____ day of _____ 2015.

Name

Signature