

**APPROVE ENTERING INTO A PARTICIPANT AGREEMENT WITH THE OFFICE OF THE ILLINOIS STATE TREASURER, HSBC BANK USA AND GLOBAL PAYMENTS DIRECT, INC**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve entering into a Participant Agreement with the Office of the Illinois State Treasurer ("Illinois Treasurer"), HSBC Bank USA ("HSBC Bank") and Global Payments Direct, Inc. ("Global Payments") to allow CPS schools to participate in the Illinois E-Pay Program. By its execution of the Participant Agreement, the Board would become legally bound by the Merchant Service Agreement (including its Terms and Conditions) and the Merchant Application. E-Pay is designed for local governments and state agencies to offer users of their services easier, faster payment choices. E-Pay is offered to the Board by the Illinois Treasurer at no cost. Global Payments, however, will assess fees for each transaction as described below. A form participant agreement (a substantially identical version of which has been previously signed by the other participant-agencies in the E-Pay program) has been provided by the Illinois State Treasurer and is currently available for review. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

<b>PARTIES:</b>	Office of the Illinois State Treasurer 400 West Monroe Street, 3 <sup>rd</sup> Floor Springfield, IL 62704 Jose Gonzalez, Director (217) 785-7256	Global Payments Direct, Inc. 10 Glenlake Pkwy NE Bldg North Atlanta, GA 30328 Suelyn P. Tornay, Corporate Secretary (770) 829-8000
	HSBC Bank USA, N.A. P.O. Box 2013 Buffalo, NY 14240	

**USER:** Office of School Financial Services-Division of Revenue  
125 South Clark, 14<sup>th</sup> Floor  
William R. Lash  
(773) 553-2744

**ILLINOIS E-PAY PROGRAM DESCRIPTION:** The agreement will empower the Division of Revenue with a new, effective tool in collecting payments electronically. The Illinois Treasurer's Office will build and maintain a website that may be linked to CPS's website enabling a person to make a payment to the central office by credit card or electronic check for approved programs. The program is only available to governmental entities and uses the collective bargaining power of over 650 current participants to negotiate the lowest possible convenience fee. This program will empower CPS to reduce manual payment processing in program departments, reduce Accounts Receivable transactions and provide a faster payment process at a minimal cost to a payer. After a trial period, the Division of Revenue will host the Illinois Treasurer in marketing E-Pay to CPS schools as an option to collect school fees and/or or donations.

**TERM:** The agreement will become effective upon execution and will remain in effect for an initial term of four (4) years and may be extended for additional one-year periods or another mutually agreed upon timeframe. Any party may terminate the agreement by giving written notice at least (i) one hundred eighty (180) days with respect to the Illinois Treasurer and Global Payments and (ii) fourteen (14) days with respect to the Board, in each case prior to the effective date of the termination.

**RESPONSIBILITIES OF PARTIES:** The Board will permit holders of valid cards bearing the symbols of the cards that are authorized to be accepted by the Board to charge purchases or leases of goods and services. The Board will also pay a convenience fee to Global Payments for each transaction processed as described above. The Office of the Illinois Treasurer will build, maintain and provide customer support for the E-Pay website.

Global Payments will provide financial transaction acceptance and processing services for the Board.

**CONTRIBUTION:** Each party shall be responsible for its own costs incurred in connection with the Agreement. Except as otherwise provided in the following sentence, each party shall be responsible for resolving and reconciling its own errors, but shall not be liable to any other parties for damages of any kind as a result of errors. Global Payments will be liable for losses, damages, errors and expenses reported by the Board or the Illinois Treasurer (i) within three (3) months in the case of damages, claims, losses and expenses arising from a failure to perform and (ii) within six (6) months in the case of billing errors. The Board and Illinois Treasurer will look solely to ACH Direct, Inc. (and not Global Payments or HSBC Bank) with respect to any damages arising out of the agreement. Each party shall be liable for the acts and omissions of its own employees and agents. The agreement will not confer any rights or benefits on any third party.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreement including indemnities provided by Board. Authorize the President and Secretary to execute the agreement. Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate this agreement.

**AFFIRMATIVE ACTION:** Exempt

**LSC REVIEW:** Local School Council approval is not applicable to this report.

**FINANCIAL:**

E-Pay is offered to the Board by the Illinois Treasurer at no cost. Global Payments, however, will assess convenience fees for each transaction processed on a sliding scale (e.g., a \$1.00 fee for transaction sizes less than \$25.00 and a \$1.25 fee for transaction sizes between \$25.00 and \$50.00, with incremental fee increases as transaction amounts). The Board does not anticipate paying the convenience fees out-of-pocket, as such fees will be absorbed by (or passed along to) the initiating customers of the E-Pay website via their payment of a service fee per transaction in an amount sufficient to cover the Board's convenience fee obligation.

**GENERAL CONDITIONS:**

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their terms of office.

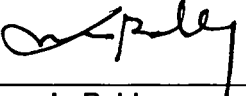
Approved for Consideration & Within Appropriation:

  
Peter W. Rogers  
Chief Financial Officer

Approved:

  
Barbara Byrd-Bennett  
Chief Executive Officer

Approved as to legal form: 

  
James L. Bebley  
General Counsel