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**REVISED
OPERATIONS COMMITTEE
SEPTEMBER 18, 2008**

SUBJECT: VISA – TAP PREPAID CARD

ACTION: APPROVE PILOT PROJECT

RECOMMENDATION

Authorize the Chief Executive Officer to enter into a twelve month service agreement to introduce a dual Visa payWave - TAP smart card for a 12-month pilot program.

RATIONALE

The under-served, un-banked community in Los Angeles will have a unique opportunity to participate in the electronic financial economy with a TAP Prepaid Visa card that can be used to ride public transit, as well as for use as a general purpose payment card.

Visa has proposed an innovative approach to introduce a prepaid card that has similar characteristics similar to “gift cards” which are ubiquitous in our economy. Visa’s proposal, Attachment A, explains the details of this pilot. To summarize:

- The pilot will require no capital costs to us.
- Since the TAP Prepaid Visa card can be supported by both the existing Universal Fare System TAP reader, as well as by the Visa payWave reader, there will be no impact to the current TAP system. Both the regular TAP card and the TAP Prepaid Visa card can coexist without any physical changes to the existing TAP system.
- As such, this TAP Prepaid Visa card can be used on Metro bus and rail by simply touching the TAP reader, no differently than any other TAP card in circulation today. All Metro TAP products such as Metro Weekly and Metro Monthly passes can be loaded onto this card.
- Moreover, the TAP Prepaid Visa card holder can equally use this card for all other general purposes, like any other Visa card. To name a few:
 - For retail purchases with all merchants who accept Visa;
 - For the direct deposit of the cardholder’s wages (reducing check cashing fees);
 - As an ATM to withdraw cash as needed (improves personal security); and
 - To pay bills and shop online or over the phone (reduces money order costs)

We believe that this will have significant benefits to the community who cannot use mainstream financial banking relationships to acquire traditional credit and debit cards.

For Visa and for us, the goals of this twelve month pilot program are defined as follows:

LACMTA goals:

At the conclusion of this pilot program, we will have data and responses to determine the feasibility of TAP Prepaid Visa cards as a viable payment media to be used in our system.

1. Determine if a new ridership market will emerge by co-branding TAP with Visa. (i.e., short distance riders, occasional riders, etc.)
2. Evaluate if it promotes convenience to patrons by reducing the number of cards to carry and track.
3. Access if the existing regional TAP infrastructure be leveraged with this approach (with Municipal Operators and Metrolink, as well as with other transit entities outside LA County)
4. Evaluate if there will be more convenience to customers with more reload locations.
5. Determine the revenue opportunities with joint development, Transit Oriented Development (TOD) projects with a TAP Prepaid Visa card to address retail, parking, etc.

Visa Goals:

At the conclusion of this pilot program, Visa will have data and responses to determine the results of their product launched with us.

1. Evaluate commercial impacts and how the transit community impacts a Visa general purpose re-loadable card.
2. Evaluate if co-residence with transit affects how a person buys this card.
3. Access how the usage of this TAP Prepaid Visa card compare with a general purpose, re-loadable card that is not associated with a transit application: (cards that are not usable in public transit)

Some key performance indicators of success from this 12-month pilot program have been developed:

- Purchases and usage volume on transit can be determined;
- Commercially sustainable levels of usage by the account holder (customer) can be determined;
- Pricing model that is beneficial to Visa, the customer and us can be identified;
- More than 10,000 anonymous and personalized cards have been issued; and
- Cardholder satisfaction by research and usage of card can be determined.

At the conclusion of this pilot program, we will be better equipped to recommend future strategies with prepaid bank cards as one of several bank card programs to launch and promote ridership and convenience to patrons, and to look at next steps for developing a revenue stream from such programs.

BACKGROUND

Since the public launch of TAP in 2006, we have had discussions with several card associations (Visa, MasterCard), as well as banking and financial institutions who have been extremely interested in our TAP smart card program and ability to introduce electronic payment cards to public transit as a co-branded product.

Based on various meetings and discussions with Visa, an entirely new and innovative approach was introduced for the under-served and un-banked community to participate in the electronic financial economy. No other card associations have such a product available for launch with us today.

As a result of this approach, we will be the first transit operator to target a co-branded card that has been uniquely designed as a prepaid card tailored to our demographics.

FINANCIAL IMPACTS

There are no capital expenditures required of us from this pilot program. TAP Operation staff will help oversee the project; however, Visa will provide project management and labor associated with implementation and operation of this program (please see attached Visa financials *Attachment B*). In addition, we will provide an ~~in-kind~~ marketing program to complement the roll-out of the program. Visa will design, develop and produce all artwork. We will be responsible for the placement of produced materials. The value of our ~~in-kind~~ contribution for placement of advertisement and marketing material is estimated to be \$974,000. This funding is included the FY09 Regional Activities budget 300014 in Cost Center 3020. Since this is a multi-year project, the Chief of Real Property Development will include this in the budget in future fiscal years.

ALTERNATIVES CONSIDERED

The option to not launch a pilot program is an alternative; however, since there is little risk and no capital outlay, it does not seem prudent to defer or decline this opportunity to co-brand an innovative electronic payment card with a globally recognized card association such as Visa. It will also permit us with the ability to research and analyze the potential market for this type of customized program designed specifically to our ridership.

Other co-branding programs are available; however, such transit co-branded cards in existence today require association with banking institutions no differently than traditional credit and debit cards. In such card association programs, customers are required to apply for credit and debit cards through a process which by its very nature, has been closed to those who are un-banked.

Rather than to target customers who do not have barriers to traditional electronic payment cards, this unique TAP Prepaid Visa program was designed specifically for our riders who have little or no other options. It will provide us with valuable data and analysis of whether such payment media is a viable alternative to cash for this population of customers.


ATTACHMENT(S)

- A. TAP Prepaid Visa card proposal
- B. Financial Estimate of Twelve Month Pilot Program

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**Los Angeles County Metropolitan
Transportation Authority**

**TAP Prepaid Visa Pilot Project
Proposal**

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Executive Summary

With the introduction of the TAP program in Los Angeles County and the issuance of Visa payWave capable cards throughout the US there is an opportunity for LACMTA and Visa to work together to build an innovative solution that extends the value to LACMTA riders of a TAP enabled card beyond basic transit payment. By enabling TAP functionality on a general purpose payment card, LACMTA's unbanked riders will be able to participate more fully in the electronic financial economy.

Visa and LACMTA will partner to deliver the pilot program consisting of:

- A dual application card that will support both TAP transit and Visa payWave prepaid applications (TAP Prepaid Visa)
- A set of self-service bilingual kiosks strategically deployed region wide for card loading and distribution of TAP transit Visa payWave cards
- A web based card distribution infrastructure for the support of TAP transit enabled Visa payWave prepaid cards.
- A marketing and promotional plan to drive program awareness, card acquisition and product and LACMTA transit usage.

Since the card to be used in the pilot program will support both the TAP and Visa payment applications, there will be no impact on LACMTA's installed base of TAP readers or reload devices. This is a key feature that permits the pilot program to get to market relatively quickly and enjoy widespread utility within the LACMTA system without requiring costly infrastructure upgrades. As currently envisioned the pilot program will require no hard dollar contributions by the LACMTA.

The pilot will be deemed a success if the partners can:

- Determine the impact of transit support on card acquisition and usage volume.
- Reach commercially sustainable levels of usage of the Visa prepaid card account
- Identify a commercially sustainable pricing model for the cards beneficial to both LACMTA and the Card Issuer, as well as affordable to the patron card holder
- Issue more than a total of 10,000 Instant (anonymous) and Personalized reloadable cards
- Achieve a high level of cardholder satisfaction based on post pilot research and demonstrated usage of the card



Detailed Pilot Program Proposal

Introduction and Pilot Overview

With the introduction of the TAP program in Los Angeles County and the issuance of Visa payWave capable cards throughout the US there is an opportunity for LACMTA and Visa to work together to build an innovative solution that extends the value to LACMTA riders of a TAP enabled card beyond basic transit payment. By enabling TAP functionality on a general purpose payment card, LACMTA's unbanked riders will be able to participate more fully in the electronic financial economy.

With over 17 million cards issued worldwide, the new Visa payWave product eliminates the need for a card to come into physical contact with the merchant terminal. Consumers can complete a purchase by simply waving a Visa payWave enabled card, micro tag or mobile phone next to a contactless payment reader. From that point forward, the processing of the transaction is handled in the same way as a traditional Visa transaction. See Appendix A - Visa payWave Overview. By combining the features of the LACMTA TAP card with a Visa payWave enabled card, LACMTA and Visa will enable and empower Metro riders with new services and convenience that were previously unavailable from a single card relationship.

While the Visa brand is familiar to many due to its ubiquitous presence on credit and debit cards, prepaid cards are the fastest growing Visa card program. Unlike credit or debit cards, prepaid cards require no credit application or bank account. Visa prepaid cards are being used to improve the quality of service delivery for a number of public programs including:

- State of California Child Support
- State of Texas - Child Support and Unemployment Insurance
- State of Oregon - Child Support and Unemployment Insurance
- State of Nevada - Child Support and Unemployment Insurance
- State of Michigan - Child Support and Unemployment Insurance
- State of Minnesota - Child Support and Unemployment Insurance
- State of Indiana - Child Support and Unemployment Insurance

Visa and LACMTA will partner to deliver the pilot program consisting of:

- A dual application card that will support both TAP transit and Visa payWave prepaid applications (TAP Prepaid Visa)
- A set of self-service bilingual kiosks strategically deployed region wide for card loading and distribution of TAP transit Visa payWave cards
- A web based card distribution infrastructure for the support of TAP transit enabled Visa payWave prepaid cards.
- A marketing and promotional plan to drive program awareness, card acquisition and product and LACMTA transit usage.



By combining TAP functionality with a general purpose reloadable prepaid Visa card, previously unbanked riders will be able to reduce what it costs them to access their money, and engage in the ubiquitous low-cost electronic payment infrastructure many of us take for granted.

Since the card to be used in the pilot program will support both the TAP and Visa payment applications, there will be no impact on LACMTA's installed base of TAP readers or reload devices. This is a key feature that permits the pilot program to get to market relatively quickly and enjoy widespread utility within the LACMTA system without requiring costly infrastructure upgrades. As currently envisioned the pilot program will require no hard dollar contributions by the LACMTA.

Scope and Duration

The pilot program will include the placement of 40 ReadySTATIONS (kiosks) placed in strategic locations throughout the region near LACMTA property as well as in retail locations (grocery stores, neighborhood markets, etc.) that are in close proximity to high traffic LACMTA bus and rail lines. The goal of the kiosk placement will be to deploy the kiosks in locations convenient to LACMTA customers. The pilot program will also include both Instant (anonymous) and Personalized TAP Prepaid Visa cards for LACMTA customers. The pilot program is currently forecast to operate for 12 months from the date of launch.

Roles and Responsibilities

Visa and LACMTA have discussed in some detail how the two organizations will work together to deploy and operate this pilot program. For a more detailed list of responsibilities please refer to Appendix B - Stakeholders' Deliverables.

Visa

Visa, working with prepaid card program manager Ready Credit, will support the program in the following ways:

- Procure and install 40 kiosks used for card distribution
- Procure and distribute TAP enabled Visa/ReadyCARDS.
- Ongoing support and maintenance of the kiosks
- Comprehensive customer service and support for LACMTA customers that acquire the card
- Develop a marketing plan to promote the program
- Manage creative development and media production
- Implement a customer service web site and call center
- Support and participate in pilot research
- Support and participate in card program management and configuration throughout the pilot period

LACMTA

LACMTA as a full partner in this pilot program will support the program in the following ways:

- Provide the information and licenses necessary to enable the effective personalization of the TAP application on the cards

- Provide free of charge to Visa pre-negotiated physical space, electrical power and a communications connection where appropriate for the deployment of kiosks for card distribution in LACMTA locations.
- Provide free of charge to Visa pre-determined space and quantity within the LACMTA system to support the marketing plan agreed to between the parties to promote the LACMTA TAP Prepaid Visa card for the duration of the pilot.
- Provide a limited number of ride incentives to encourage card acquisition and card usage within the LACMTA system and region.
- Support and participate in pilot research.
- Support and participate in card program management
- LACMTA will agree to not embark on a similar program with a named competitor to Visa during the pilot period.

Pilot Success Criteria

The pilot will be deemed a success if the partners can:

- Determine the impact of transit support on card acquisition and usage volume.
- Reach commercially sustainable levels of usage of the Visa prepaid card account
- Identify a commercially sustainable pricing model for the cards beneficial to both LACMTA and the Card Issuer, as well as affordable to the patron card holder
- Issue more than a total of 10,000 Instant (anonymous) and Personalized reloadable cards
- Achieve a high level of cardholder satisfaction based on post pilot research and demonstrated usage of the card

Long Term Vision

This pilot program should be a stepping stone to further cooperation between LACMTA and the local and regional financial communities. Coming out of this pilot, LACMTA and Visa should have a much more concrete understanding of the benefits and challenges associated with combining TAP and prepaid Visa payment products on the same physical card.

Provided this pilot program is successful and commercially reasonable terms can be identified that support the inclusion of TAP functionality on a prepaid Visa card, LACMTA will be able to extend and grow this program beyond a pilot test. Additionally, these cobranded TAP and prepaid Visa cards may also represent a future stream of revenue for LACMTA.

Further into the future, this program may represent the first step towards accepting bank issued Visa payWave cards as well as other open payment bank card programs leveraging LACMTA's TAP infrastructure. This will deliver the ultimate in payment convenience to riders and substantially reduce the costs of fare media issuance to the agency.

Purpose and Objectives

The goal of this pilot program is to understand across all stakeholders the benefits and impacts of combining the TAP contactless transit payment application with a prepaid Visa payWave contactless payment application on the same card. The objectives of this pilot program fall into 3 broad areas:

1. Service – Decreasing barriers to ride
2. Community – Reaching the unbanked
3. Commercial – Lowering costs and increasing revenues

Service

Combining TAP functionality with a Visa prepaid application brings additional entities into the TAP card distribution model. During the pilot, the 40 planned kiosks will increase the number of physical locations from which to deliver TAP cards and associated load transactions. In the longer term, by growing the number of entities with a stake in seeing the TAP application distributed, LACMTA riders will find more places to acquire TAP enabled cards and LACMTA will see a reduced cost of card distribution as well as a potential incremental increase in convenience riders.

During the pilot the kiosks will support a number of functions including card sales, TAP loads from cash and Visa prepaid loads from cash. In the longer term, the kiosks will ultimately grow in functionality to support bill payments and other financial transactions.

Community

Today many riders on the LACMTA system are unbanked or underbanked. By making a Visa general purpose reloadable card available to the ridership they can begin to take advantage of the low cost electronic payment infrastructure many of us take for granted every day. With a TAP enabled Visa prepaid card cardholders will be able to:

- Direct deposit wage and benefit payments to their prepaid account – reducing check cashing fees.
- Use an ATM to withdraw cash as needed rather than carrying large amounts of cash – improving their personal security
- Pay bills and shop online or over the phone – reducing the need for money orders or visits to the biller to make cash payments
- Rent a DVD at a kiosk or sign up for Netflix – improving their quality of life

In short, riders with the TAP enabled prepaid Visa card will become more a part of the financial mainstream than they could with a transit only payment product.

Commercial

On the commercial front there are a number of important learning objectives for each of the key stakeholders

LACMTA

For LACMTA, it will be important to understand the following:

1. Could a combined TAP and bank application card open new ridership market opportunities (e.g. short distance occasional rider, etc...) for LACMTA?
2. Will a combined TAP and bank application card offer more convenience to LACMTA patrons (e.g. avoid fumbling with multiple cards for transit and payment)
3. Can the TAP infrastructure be leveraged to enable this approach (e.g. provide additional LACMTA services by leveraging features of existing capital investments)?
4. Can LACMTA offer additional convenience to their ridership patrons (e.g. additional reload locations)?
5. Are additional revenue opportunities possible (e.g. capitalize public/private partnerships to create potential revenue opportunities, while utilizing existing infrastructures) in joint card programs?

Visa

For Visa, it will be important to understand the following:

1. The commercial impacts of putting transit functionality on a Visa general purpose reloadable prepaid card
2. How co-residence with the transit application impacts card acquisition (how likely are cardholders to get a card)
3. How co-residence with the transit application impacts card usage relative to Visa general purpose reloadable cards without a transit application.

Deliverables

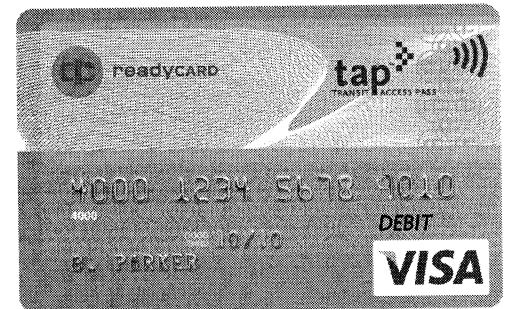
Card

The dual application TAP Visa card is a prepaid card. To spend money, funds must be loaded on the card, so when customers use the card, the amount of the purchase is deducted from the balance loaded on the card. General purpose funds can be loaded at LACMTA kiosks, retail kiosks, direct deposit (ACH) or thousands of retail locations nationwide. Customers never spend money they don't have so the Visa card helps keep customers out of debt and allows them to easily manage their finances. There are no payments to make, no interest charges and no late fees associated with the TAP Prepaid Visa card.

Both Instant (anonymous) and Personalized prepaid cards will be made available in the course of this pilot. The Instant (anonymous) card will be available through the kiosk infrastructure. Personalized cards will be available through the web or by calling a toll free number.

Instant (Anonymous) Card

The card to be distributed via the kiosk infrastructure will be an Instant product that can be purchased without providing any personal information. The Instant card can be loaded with the maximum value of \$500.00. The Instant card cannot be reloaded; it is a single load card. The total value, non reloadability and no cash access features of the Instant card are necessary to comply with Visa regulations and United States Federal laws.



Benefits and features of the Instant Visa prepaid card with TAP functionality:

- Visa worldwide acceptance and TAP functionality
- Instant access, no information collected at time of purchase – no barrier to product adoption
- Activated upon issuance – cash in, card out, ready to ride
- Maximum load of \$500
- No cash access, no reloads
- Contactless and traditional magnetic stripe payment technologies
- Customer protection against loss, fraudulent use of card – money is safe

Please refer to Appendix C for the detailed consumer pricing schedule.

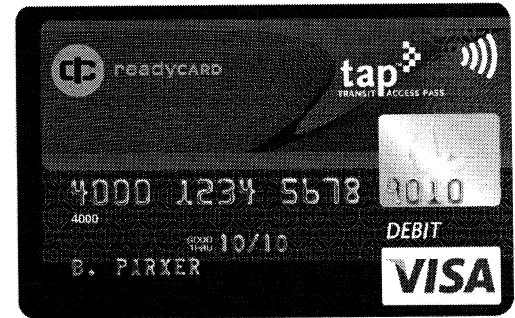
Personalized Card

The Personalized card supports unlimited reloads, has the customer's name embossed on the card and can be obtained by LACMTA customers by providing verifiable information about themselves (name, address, phone, date of birth and government issued ID). This information can be provided online or by phone. There is NO credit check or application and bad credit or

no credit is no barrier to obtaining a card. All that is needed is to provide verifiable information and the card is issued.

Benefits and features of a Personalized Visa prepaid card with TAP functionality:

- Visa worldwide acceptance and TAP functionality
- No application & Approval with ID verification
- Unlimited loads/reloads
- Maximum load of \$9,999.00
- Pay bills by phone or online – save time and money (no more need to purchase costly money orders)
- FREE paycheck direct deposits - allows customers to avoid expensive check cashing fees & save hundreds of dollars annually
- Ability to manage finances – customers report that the card helps them manage their spending more effectively than cash
- Provides more safety and convenience than using cash
- Free balance receipt at any kiosk
- Online monthly statements allow customers the ability to view transactions
- ATMs privileges at thousands of locations worldwide
- Reimbursement of unspent value if card is lost or stolen
- No interest charges, no late fees, no overdrafts
- Customer protection against loss, fraudulent use of card – money is safe



Kiosk

The Ready Credit ReadySTATION (kiosk) is a self-service kiosk developed to allow consumers the ability to instantly purchase an anonymous, activated prepaid debit card and to support the reloading (adding funds) to Personalized prepaid debit cards. Other functions of the kiosk include the ability to check a card balance for free. A receipt is provided to the customer for every transaction type – new card purchase, reload and balance check. The kiosk is manufactured for Ready Credit by NCR. NCR is a worldwide leader in self-service kiosk solutions and the kiosk developed for Ready Credit by NCR is part of the NCR family of products known as NCR EasyPoint Xpress Payment kiosk. Thousands of EasyPoint systems are in use worldwide and have a proven history of superior functionality and reliability.

The kiosk dispenses the TAP Prepaid Visa cards. Customers can purchase the Instant Card via cash payment using the cash acceptor on the kiosk (cash is the only tender type supported). The kiosk activates the card during the transaction, dispenses the card, and prints a receipt. The kiosk provides three types of transactions.

1. Instant Issue card purchase
2. Reload TAP Cards
3. Reload Personalized cards
4. Card Balance (TAP Cards, Instant Issue and Personalized cards)



The kiosk supports the above transactions in both English and Spanish.

The kiosk is designed for ease of use for a simple customer experience. The ReadySTATION has the following user components:

1. 15" LCD Touch Screen
2. Magnetic Stripe Reader
3. Contactless / TAP Reader
4. Cash Acceptor
5. Card Dispenser
6. Receipt Printer

See Appendix D – for more details on kiosk specification and requirements.

The screenshot shows the ReadyCARD website interface. At the top right, there is a "LOGIN EN ESPAÑOL" button. The main navigation bar includes "GET A READYCARD", "TAP", "CARDHOLDER RESOURCES", "DIRECT DEPOSIT", and "BALANCE CHECK". The main banner features a woman and a child looking at a laptop, with the text "SPEND WHAT YOU WANT. WHERE YOU WANT." and a "SIGN UP NOW" button. To the right of the banner is a "READYCARD PREPAID VISA" card and a list of benefits: "NO DEBT. NO INTEREST. NO UNFAIR FEES.", "Spend only what you load on your card.", "Load your ReadyCARD for FREE with Direct Deposit or for only \$1.00 at a ReadySTATION.", "Get cash at ATMs.", and "Free text message alerts." Below the banner are two sections: "READYCARD TAP — LET'S YOU DO MORE" with a list of features and a "LEARN MORE" button, and "FIND A READYSTATION" with a form to "ENTER ZIP CODE" and a "SEARCH" button. At the bottom, there is a footer with links: "ReadySTATION Locator", "Customer Service", "Report Lost/Stolen Card", "FAQ", "Cardholder Fees", "About Ready Credit Corporation", and "Privacy Policy".

Web Site

Customers that acquire the Instant or Personalized card will have access to their account online at www.myreadycard.com

Website features include:

- Acquiring a Personalized card
- Checking card balance
- Checking TAP balance

- Transferring funds to the TAP account on the card
- Payment history
- Graphical transaction summary
- Transferring funds: card to card, card to bank account, card to Paypal account
- Transaction history and ability to print transaction history
- Set-up free text message or email alerts – customers can receive a free text message or email notifying them of their daily balance, card deposits and transactions.
- Enroll in direct deposit
- Kiosk look-up – providing a map showing nearest kiosk
- Reload look-up – providing a map of the nearest kiosk and reload locations
- Complete list of fees associated with the cards.

Marketing and Promotional Plan

Visa has worked with its marketing and promotional teams to survey the availability of media placement within the LACMTA system and developed a draft promotional plan. Visa has estimated that to effectively promote the pilot LACMTA TAP Visa program would require approximately \$1MM dollars (at non-discounted rate card prices) worth of LACMTA controlled media placement as an in kind contribution to the pilot program **which do not affect any existing Metro exclusive advertising contracts already in place during this 12 month pilot program.**

While the specifics of the media plan will be determined taking into consideration to final decisions about target audiences, timing of the program and availability of media, Visa is expecting LACMTA to provide media of roughly equal value to what is detailed below.

Visa will undertake to fund development and production of the creative execution for placement. It is estimated that the creative development and production will cost approximately \$250,000. The development of the final creative and media placement will take place with input and approval from LACMTA.

Implementation Plan

Project Management

The pilot will be run using standard project methodology. This will include creating and managing to a project plan and regular project status meetings. Visa will provide the overall project management for the pilot. LA Metro will provide a contact as their project champion(s) who will take responsibility that tasks are both identified and progressed within the organization. The project team will perform regular project status updates to the business sponsors of the pilot.

A projection of timelines to deliver this project is outlined in Appendix E.

Cards

An outline of the steps required to implement a card for the LA Metro pilot is as follows:

- Define card technical requirements – to support both Visa payWave and TAP
- Procure cards from card manufacturers
- Obtain approval from Visa Approval Services, if new product required
- Develop card plastic design
- Print card design onto card plastic
- Understand TAP personalization requirements
- Manage personalization data and key in secure environment
- Personalize card to support both Visa payWave and TAP
- Validation of personalization process
- Obtain card design brand sign-off from Visa
- Field testing of card
- Distribute card
- Design operational procedures for card stock management

Due to the innovative nature of this project, it is unlikely that the card manufacturers will have an existing product to meet the business requirements, namely a dual application card supporting LA Metro's existing TAP infrastructure and contactless-only Visa payWave.

Visa will manage a confidential process to engage card manufacturers to search, and if required, request to build a product to meet the requirements for the pilot. It will manage this process through a transparent Request for Information (RFI). The aim is to gain competitive pricing for the initial procurement of the first 30,000 cards and to work with the card manufacturers, to encourage a cost-effective solution to support the initiative past the pilot.

The project team will work with Ready Credit's existing personalization bureau, Personix, and LA Metro's TAP manufacturer to ensure that the cards for the pilot are personalized to meet the requirements of the TAP application and the Visa payWave prepaid application.

Kiosks

Ready Credit will be supplying approximately 40 self-service kiosks. These devices will pass through the Visa approval process to ensure that these kiosks meet both security and branding requirements for Visa products.

A key aspect of this pilot is the selection of the appropriate locations to deploy these kiosks. Kiosk will then be ordered to suit the location requirements, such as weatherizing and the level of anti-vandalism protection. The manufacture of the kiosks has been highlighted as the longest task for the project, so this activity will be treated with priority.

This process will be done through an analysis of current LA metro ridership and TAP sales data. It is envisaged that installation will utilize existing Ready Credit vendor relationships and the operational support (cash, facility and security management) will utilize existing LA Metro vendors.

An outline of the steps required to implement the kiosk for the LA Metro pilot is as follows:

- Select kiosk site location
- Determine kiosk model by site
- Determine facility requirements by site (power, telecom, security, etc)
- Order kiosks from manufacture
- Scope functionality to be supported – namely, TAP options
- Develop and test software
- Design kiosk wrap
- Obtain kiosk wrap design sign-off from Visa
- Design operational procedures for kiosk support – card stock, cash management, consumable management, security, etc
- Installation of kiosks – includes co-ordination with facility requirements and software loads
- Field testing of kiosk with new dual application cards

Communications

The project team will also manage the communications plan. This will include both marketing and public relations (PR) plans. Identified resources will expand the obligations set out in the Agreement to develop detailed plans. These resources will also seek sign-off from their respective organizations and then execute the plans.

Operational Plan

Card Acquisition

Card acquisition will be achieved by engaging customers in transit locations and complimentary retail locations to adopt the card product. The kiosk's ease of use encourages trial, usage and loyalty. Prepaid cards are gaining in popularity among the unbanked and underbanked consumers and the features, low fees and versatility of the TAP Prepaid Visa card will make it extremely attractive to consumers. Coordinated promotion and marketing campaigns with LACMTA will raise the awareness of the product and lead to the consumer trial demonstration project. Supporting card acquisition will be a comprehensive direct mail campaign, Direct Response Television campaign, retail location promotion and online activities.

Card Reloading – Visa

TAP Prepaid Visa cards will be reloaded by cardholders through a variety of methods at thousands of locations nationwide. Card reloads are available through:

- LA Metro ReadySTATION kiosks – touch screen prompts take consumers through the easy steps of reloading their cards.
 - First they select reload card from the touch screen menu
 - They are prompted whether they wish to add funds to their Visa spend account or purchase transit fares
 - By selecting Visa funds, they tap or swipe their card.
 - Prompts are provided for inserting cash into the kiosk along with an onscreen animation.
 - As cash is inserted, the total amount of cash is tallied for the customer to see, when the customer is finished, they are prompted to add the funds shown on the screen.
 - A summary is provided showing funds to be loaded on the card.
 - The finish reload prompt is selected and the customer is then prompted to take their receipt.
 - The receipt shows the amount of cash loaded and the new card balance.
- Reloads at LA Metro kiosks are free.
- ReadySTATION kiosk at retail locations – a minimum of twenty (20) kiosks will be placed in retail locations in proximity to LA Metro lines.
- Any Western Union or MoneyGram location – 70,000 nationwide
- Online transfers – card to card or bank account to card

Fare Purchases – TAP

Purchasing fares or reloading funds to the TAP application will be easily done by:

- LA Metro ReadySTATION kiosks – touch screen prompts take consumers through the easy steps of purchasing fares or loading funds onto the TAP application of their card.
- ReadySTATION kiosk at retail locations associated with the LA Metro deployment will support TAP fare purchases.
- Cardholders will be able to visit the www.myreadycard.com website and purchase TAP fares by transferring funds from the Visa payment portion of their card to the TAP side of the card.

Kiosk Servicing and Maintenance

ReadySTATIONS have a software application called Retail Systems Manager (RSM) installed that provides real-time status alerts in the form of email messages to the Ready Credit Support Center. Status alert types are listed below:

- Healthy Status – Successful reboots and “In Service” messages
- Attention Soon – Paper low, card inventory low, and cash acceptor nearly full messages
- Attention Now – Paper jam, card dispenser jam, cash acceptor jam messages
- Error Events – Software error messages
- Tally Thresholds – Card count and bill count

These alerts allow Ready Credit to know the health of a kiosk and respond appropriately without the intervention of someone on site. The Support Center has the ability to remotely log into the ReadySTATION and conduct test, clear errors, or verify proper operation of the devices.

Ready Credit also utilizes SNMP monitoring software to track the communications of the kiosk network. In the event of a communication error, the status of any given kiosk will turn from green to red at which time the cause of the problem can be immediately investigated.

Often, Ready Credit will be aware of a ReadySTATION technical issue before customers even report a problem. In the event of an actual hardware or software failure, on-site maintenance of the kiosk is provided by NCR. NCR Customer Engineers respond to a dispatch on a 7 X 12 basis 8:00 AM – 8:00 PM with a 4 hour response time.

The ReadySTATION utilizes a Kaba Mas security lock, so security procedures must be followed to open up the kiosk for servicing. All service events are logged into a supervisor database.

Customer Service

One number is provided for all Ready Credit customer support issues. The 800-506-0630 number is provided on every transaction receipt, on a sticker on every Instant ReadyCARD, and in the event of a ReadySTATION out of service condition, on the screen. The 800 number utilizes an IVR for the customer to select English or Spanish, the next prompt is for existing customers, new customers, or bill pay customers. The Ready Credit call center currently operates from 6:00 AM – 3:00 PM PDT Monday - Friday. Live after-hours coverage is provided by Galileo Processing from 4:00 AM – 10:00 PM PT Mon – Fri and 5:00 AM – 5:00 PM PT Sat – Sun. Customers are provided the following services from the call center:

- Order / Activate Personalized ReadyCARD
- Check Account Balances
- Resolve Card Issues

All cardholder inquiries, whether TAP or ReadyCard related will be directed to the 1-800-506-0630 number. The cardholder will be given the option through the IVR to be connected to the LACMTA customer service center.

Systems & Patron Customer Impact

Since this pilot program is adapting a single card to support both the existing TAP and Visa payment infrastructures, the impact on existing LACMTA systems should be minimal.

Bus

No anticipated impact.

LACMTA Bus fleets and the respective fareboxes will not be impacted by a combined TAP/Visa card. The TAP application resident on the dual application card will continue to interact with the LACMTA TAP infrastructure, while the Visa payWave application will interact with Visa payWave enabled retailers.

Rail

No anticipated impact.

LACMTA rail station Stand Alone Validators and Ticket Vending Machines also will not be impacted by the dual purpose TAP/Visa card. As with buses, the TAP application on the dual purpose card will interact with the existing LACMTA TAP infrastructure, whereas the Visa payWave application will interact with Visa payWave enabled merchants.

Station

Depending on decisions on final placement, kiosks may require communications or electrical facilities be made available.

Contracted Services

Again, due to the separation of the applications on the TAP/Visa payWave card, LACMTA Contracted Service fleets and farebox devices will not be impacted. As previously, TAP enabled components will interact with the TAP application on the card, while the Visa payWave application will only interact with Visa payWave enabled merchants.

LACMTA TAP Infrastructure

As stated previously, due to the separation of the TAP and Visa payWave applications on the dual purpose card, TAP related transactions will still flow through normal LACMTA TAP infrastructure and Visa payWave applications will flow through the banking card association networks. The back office processing of these transactions is transparent to the customer patron.

Patron Customer

Based upon the design of the dual purpose card, TAP and Visa payWave transactions are handled distinctly by each system. The patron customer will only know that the TAP application



functions as any other TAP card, with the distinct difference being that the TAP/Visa card can also be used in other venues.

Security

Due to the hardware and software controls and protections provided by the dual application card platform, both the LACMTA TAP application and the Visa payWave application are isolated and secured from each other on the card. Additionally, since processing of these transactions is different, additional layered security is provided through the processing channels for both transaction types.

Pilot Reporting and Research

Visa and LACMTA will need to cooperate to gather the information necessary to extract the important lessons from the pilot program.

Pre Pilot Research

Ahead of the pilot, Visa and Ready Credit will require information on current fare media sales (locations, types of fares purchased, in station vs retail partner sales, etc.). This information is critical to determining the routes to target and where to target the distribution of the Kiosks.

Visa and Ready Credit will also require current data about the LACMTA ridership covering both ride patterns and demographics. This information is critical to determine the appropriate target audience for the media and promotional program.

In Pilot Reporting

Regular reporting during the course of the pilot will be key to understanding the progression of the pilot and making in program changes to arrive at the most viable model by the end of the program. For example, at the beginning of the pilot cardholders may be offered a free day pass for acquiring the card and if card acquisition appears very strong then that incentive may be redirected towards driving usage of the card.

During the pilot the key participants will report monthly on the following areas:

Visa/Ready Credit

- Card sales/Acquisition
- Visa prepaid reloads (Kiosk v ReadyLink v Website v Direct Deposit)
- Visa payment volume
- Kiosk up time
- Web site hits
- Baseline control group for non-transit prepaid cards
- Demographic information (if volunteered – personalized cards)
- Visa prepaid customer service inquiries

LACMTA

- Transit products purchased
- Riding habits
- Usage comparison versus control group of TAP users

Post Pilot Research

At or near the conclusion of the pilot Visa and LACMTA will conduct joint research to better understand the impressions of the program amongst users and non-user constituencies.

The details of the research will be jointly determined once the pilot program is underway and key questions begin to arise.

Vendor Management

The implementation and ongoing support of the Pilot will require the engagement of new vendors and the cooperation of existing vendors to LA Metro.

New Vendors

Visa is cognizant that Vendor selection is a robust activity and therefore any new vendors required for the pilot will be directly contracted and managed by Visa. If the pilot is a success and moves into commercialization, then LA Metro would take over the management of those vendors if appropriate and consistent with LACMTA Vendor policies.

New Vendors likely to be required for the Pilot are:

- Prepaid Program Administrators – Ready Credit
- Prepaid Program Processing – Ready Credit will utilize their existing processor
- Prepaid Card Program Customer Service – Ready Credit will provide
- Kiosk Manufacturer, delivery and deployment – Ready Credit will utilize their existing Vendor, NCR
- Kiosk Servicing – Card levels, Receipts - – Ready Credit will utilize their existing Vendor, NCR
- Dual application card manufacture – Ready Credit will manage by RFI process
- Card Personalization – Ready Credit will aim to utilize their existing Vendor, Personix
- Field Testing/Auditing Services – Visa will use their existing Vendor, Insular
- Legal Agreements
- Marketing plan creation and execution
- PR plan creation and execution
- Card and Product Program Management

Existing Vendors

Many of the activities required to deliver and support the Pilot will overlap with activities currently performed by LA Metro staff and vendors. Visa will be seeking the guidance of LA Metro project resources to identify those activities and then negotiate to obtain resource to deliver that activity. The intent is to build the Pilot operational model as close as practicable to the commercialized model, so as to aid that transition.

Anticipated areas for cooperation with LA Metro Staff and Vendors, include:

- Installation Services – electrical, telephony
- Kiosk Servicing – Cash collection and management
- Kiosk Cleaning
- Kiosk Security
- Kiosk Maintenance & Management
- Card personalization
- Card and Device Testing
- TAP Application Customer Service

- Legal Agreements
- Marketing plan creation and execution
- PR plan creation and execution
- Card and Product Program Management
- Periodic recurring program reporting



Appendix A – Visa payWave Overview



Visa payWave Contactless Payment

Backgrounder



A new trend in payment technology is pushing electronic payments beyond traditional card transactions, making new payment methods faster, more convenient and secure. Now consumers can experience increased convenience, speed and security with the latest innovation in Visa payment – Visa payWave.

How Visa payWave Works

Visa payWave eliminates the need for the card to come into physical contact with the merchant terminal. Consumers can complete a purchase by simply waving a Visa payWave-enabled card, micro tag or mobile phone next to a contactless payment reader. From that point forward, the processing of the transaction is handled in the same way as a traditional Visa transaction. Visa payWave enables exciting new flexibility for issuers to customize programs tailored to their business and consumer segments, while adding additional security features and enhanced performance.

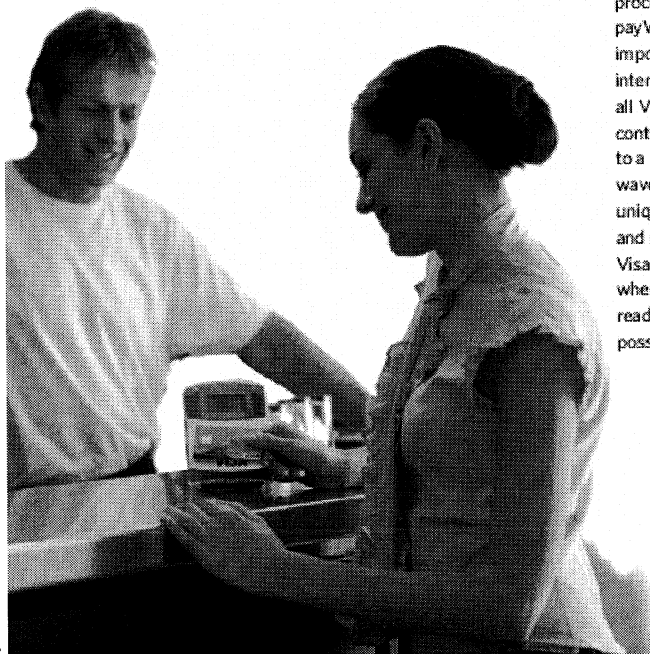
New Form Factors

Visa is committed to providing consumers payment devices that fit their life styles and enable transactions in both traditional and emerging merchant environments. One of the advantages of Visa payWave contactless technology is its ability to enable payment through new and compelling form factors beyond traditional payment cards, such as mini cards, mobile phones and the Visa Micro Tag, a key-chain sized payment device embedded with Visa payWave contactless technology.

As part of delivering Visa payWave via mobile devices, Visa is actively engaged in market trials to test mobile Visa payWave transactions through devices enabled by Near Field Communication (NFC) technology. Visa is a Sponsor Member of the NFC Forum supporting the objective to integrate next-generation contactless interfaces into mobile phones and other consumer electronic devices.

Visa Commitment to Security

Visa has high security standards and risk management processes in place to protect Visa transactions, and Visa payWave-enabled payments are no exception. Most importantly, Visa has established clear rules and standards intended to ensure that contactless payments are as secure as all Visa transactions. Each Visa payWave-enabled card contains a tiny computer chip that sends payment information to a contactless card reader via short-range radio frequency waves. The information includes a dynamic cryptogram unique to each transaction. In addition to the same consumer and merchant protections offered on all Visa transactions, Visa payWave-enabled products are designed to be read only when in very close proximity to a contactless point-of-sale reader. The card or device never leaves the customer's possession when used in a contactless transaction.



Last Updated:

Visa payWave Programs Around-the-World

The launch of Visa payWave programs around the world enables faster, more convenient transactions at merchant locations worldwide that accept cards with Visa payWave technology. Below is a sample of Visa payWave programs around the world:

- **Canada** – Royal Bank of Canada (RBC) announced in September 2007 that it will begin issuing Visa payWave-enabled credit cards. TD Merchant Services and TDCT have also announced programs that are scheduled to launch in the Spring of 2008.
- **France** – Visa Europe, working with Société Générale and Gemalto announced the first Visa payWave transaction in France in June 2007. A pilot program was announced in which 1,000 cardholders would be able to pay for small purchases using a Visa payWave card.
- **Guatemala** – Four banks in Guatemala are participating in Visa payWave programs and began issuing Visa payWave-enabled cards in November 2006.
- **Hong Kong** – Hang Seng Bank launched its Visa payWave program in late 2007, the first issuer in Asia Pacific to have a globally interoperable contactless capable card.
- **Korea** – Ten major banks have launched Visa payWave contactless programs. Major co-brand partners include Tesco and CGV, the biggest multiplex chain, and major telcos, such as SK telecom and KTF. Also, Starbucks, Lotte Department Store and GS25 convenient stores are a few participating merchants.
- **Malaysia** – Al Rajhi Bank became the first Islamic financial institution and sixth issuer in Malaysia to launch a Visa payWave program. The Riyadh-based bank opened its first international operations in Malaysia in October 2006 and currently only issues Visa payment cards, including Visa payWave.
- **Singapore** – In July 2007, United Overseas Bank (UOB) became the first issuer of Visa payWave in Singapore when it launched the “UOB One Card” with Visa payWave technology.
- **Spain** – La Caixa conducted the first contactless payment initiative with Visa payWave cards and is the first financial entity in Spain to implement Visa payWave technology in Spain.
- **Switzerland** – Visa Europe announced the first transaction of visa payWave technology in Switzerland and chose FIFA's headquarters in Zurich to kick off the initiative. Cornér Bank, the leading private and independent Swiss banking institution and Visa Europe announced the first Visa payWave card in Switzerland to customers in February 2008.
- **Taiwan** – In Taiwan, four banks have issued Visa payWave co-brand cards with the EasyCard function, the payment application for fares in the greater Taipei transit system. Also, In September 2007 Union Bank of Taiwan and Carrefour Taiwan announced the launch of the Carrefour Visa payWave card.
- **Thailand** – Bangkok Bank launched Thailand's first Visa payWave co-branded card with BTS, Bangkok's transit system, in February 2008. Twenty merchant types, including Tesco Lotus, Siam Cineplex, McDonald's and Starbucks participate in the program.
- **Turkey** – In Istanbul, Denizbank launched a Visa payWave pilot program with the “Sea & Miles” card - the first EMV-based contactless program in Turkey.
- **United Kingdom** – In the UK, Visa payWave launched in London with six banks taking part in the rollout. In addition, a new multifunction Barclaycard Visa credit card, Barclaycard OnePulse, launched featuring three separate functions on a single card - Visa payWave for purchases of £10 and below, a contactless Oyster smartcard for use when traveling around London transport network and a standard chip and PIN credit card facility.
- **United States** – In the United States, seven of the top ten Visa issuers are offering Visa credit, debit and prepaid cards with Visa payWave, including Barclays, Chase, National City, US Bank, SunTrust, Washington Mutual, and Wells Fargo Bank.

Reference

¹ Visa Europe is the exclusive licensee of Visa Inc. in the territory covered by the European Union.

Appendix B - Stakeholder Deliverables

LACMTA Deliverables

Overall Project

- Assign LACMTA executive sponsor and project manager to ensure timely access to necessary LACMTA resources

Cards

- Access to TAP file structure and data mapping
- Access to TAP encryption keys for personalization (provide MPOS device/s)
- Implement autoload for TAP from Visa prepaid from LACMTA.

Kiosk Implementation

- Ensure availability of power and communication line for x (20) kiosks based on transit property.
- Approve Kiosk transit product sales implementation
- Provide card stocking, receipt paper replenishment and cash pick-up's for kiosks – in conjunction with standard servicing of TAP fare machines
- LACMTA will provide communication line for transit locations if available
- Provide space, access and services for 20 kiosks where appropriate, subject to Visa's and LACMTA's approval
- Provide support to place balance of kiosks in merchants.

Program Marketing

- Ride incentives to encourage card acquisition of up to \$150,000
- Ride incentives to encourage open prepaid usage of up to \$150,000
- Media placement (see Appendix B for proposal specifics)
- License to use TAP brand on cards and promotional materials
- Agree to media plan which may include non MTA media
- Provide advertising space promoting project
- Provide access to logo subject to prior approval
- Agree to work with Visa's agency for media placement
- Distribution of cardholder promotional and educational materials.

LACMTA Website

- Build a page under LACMTA website containing information on the program and links to the ReadyCARD TAP website.

Program Research

- Transit usage data. Summary level

Visa Deliverables

Overall Project

- Overall project management

Cards

- Cards: supplied by Visa and Ready Credit
- Identify card technology platform
- Contract with card manufacturer/personalizer
- Approve card design

Kiosk Implementation

- Acquisition and installation of up to 40 card dispensing/reloading kiosks for 12 months
- Language implementation – English and Spanish
- Develop UI for transit product purchase.
- Implement ability to initiate TAP autoloading from Kiosk (cash only).
- Co-Branding for Kiosk unique to LACMTA / ReadyCARD
- All installation, servicing, etc for all (40) kiosks.
- Develop ability for cardholder to purchase transit funds at ReadySTATION - interface from card to ACS website

Program Marketing

- Agree to media plan with LACMTA which may include non LACMTA media
- Pay for design and production costs and any media installation outside LACMTA properties.
- Development and productions of cardholder promotional and educational materials in conjunction with LACMTA
- Build a site under Visa.com to provide information on the project.
- Approve and cooperate in all marketing activities

Customer Service

- IVR/call center development
- Train CS reps
- Develop a warm handover process to LACMTA Customer Service
- Website retail locator
- Develop website from standard www.myreadycard.com template - add transit specific content and navigation

Program Research

- Contribute advice and funding to pre pilot research
- Define, manage and pay for focus group research



Appendix C - Cardholder Fee Table

Cardholder Fees for TAP Usage Only

Card Enrollment and Maintenance	
Instant ReadyCARD Issuance	\$4.95 (one time)
Upgrade to Personalized Card	FREE
Monthly Account Maintenance	FREE
Second Card / Additional Card	\$4.95
Card Usage - Purchases, Declines, Returns	
Balance Check - Online / ReadySTATION	FREE
TAP Transaction	FREE
Card Usage - Loads /Transfers	
Direct Deposit	FREE
ReadySTATION Load or Reload	FREE
Bank Wire Transfer	\$1.50
Bank ACH Transfer	\$1.00
Card-to-Card / Bank Account Transfer	\$1.00
TAP Account to Spending Account Transfer	FREE
PayPal Transfer	FREE
PayXone™, Western Union™, MoneyGram™ or Retail Location Load or Reload	\$2.50 to \$4.95
Card Account Services	
Online Account Access	FREE
Live Agent Customer Service Call	FREE
Replacement Card Issuance	\$4.95
Express Shipping	\$20.00
Online History Report	FREE
Transaction History Report	\$3.00
Online Statement	FREE
Paper Statement	\$3.00



Appendix C - Cardholder Fee Table

Cardholder Fees for TAP & Visa Payment Usage

Card Enrollment and Maintenance	
Instant ReadyCARD Issuance	\$4.95 (one time)
Upgrade to Personalized Card	FREE
Monthly Account Maintenance	\$4.95
Additional Card	\$4.95
Card Usage - Purchases, Declines, Returns	
Balance Check - Online / ReadySTATION	FREE
TAP Transactions	FREE
Domestic Signature or PIN Transaction	\$0.25
Domestic Signature or PIN Transaction Decline	\$0.25
International Signature or PIN Transaction	\$0.25
International Signature or PIN Transaction Decline	\$0.25
Signature or PIN Return Transaction	\$0.25
Domestic ATM Withdrawal	\$1.95
Domestic ATM Balance, Inquiry & Decline	\$0.95
International ATM Withdrawal	\$3.00
International ATM Balance, Inquiry & Decline	\$0.95
Cash Advance	\$5.95
Exceeded Limit	\$9.95
Card Usage - Loads / Transfers	
Direct Deposit	FREE
ReadySTATION Load or Reload	FREE
Bank Wire Transfer	\$1.50
Bank ACH Transfer	\$1.00
Bank Bill Pay Transfer	\$1.00
Card-to-Card / Bank Account Transfer	\$1.00
TAP Account to Spending Account Transfer	FREE
PayPal Transfer	FREE
PayXone™, Western Union™, MoneyGram™ or Retail Location Load or Reload	\$2.50 to \$4.95
Card Account Services	
Online Bill Pay - Electronic	\$0.25
Online Bill Pay - Paper Check	\$2.50
Online Bill Pay - Check Cancellation	\$7.95
Online Account Access	FREE
Live Agent Customer Service Call	FREE
Replacement Card Issuance	\$4.95



Express Shipping	\$20.00
Transaction History Report	\$3.00
Paper Statement	\$3.00

Appendix D – Kiosk Requirements

Physical Requirements:

1. ReadySTATIONS are physically constructed with heavy gauge steel and weigh approximately 400 pounds. They are bolted to the ground utilizing four (4) ½” X 4 ¼” Concrete Wedge Anchors. The nuts are located inside a secure locked compartment and mount through the base of the unit providing both stability and security. The cabinet has an external locking mechanism and an internal Kaba Maas combination locking system.
2. Maintenance of the kiosk is conducted by NCR Customer Engineers. NCR Customer Engineers provide hardware and software support in the event of a malfunction. If desired, LACMTA personnel can provide the services of card reloading, receipt paper refill, and cash extraction for kiosks on LACMTA property. In every case, the servicing personnel must log into the ReadySTATION with a unique username and password. Log files are maintained for all supervisory and service related events.
3. Kiosks are monitored 24x7 via a persistent network connection. Monitoring systems include real-time event logging of all transactions, Ready Credit personnel will dispatch all maintenance and servicing calls to NCR or to LACMTA. In addition, the Kiosk generates an alarm in the event the cabinet is opened without logging into the system as an authorized user.
4. The kiosk power requirements are a standard 15 amp electrical A/C power cord. There is an internal battery backup system that provides power to the system and alarms in the event of loss of A/C power. The estimated power consumption of each kiosk placed in transit is \$1.44 per day. Therefore, 20 kiosk over the 12 month pilot will consumer approximately \$10,512 in electrical power.
5. The kiosk includes the following features:
 - a. Any attempt to tamper with the kiosk will generate an alarm and an event in the log files.
 - b. If the kiosk is accessed without following authorized procedures, log files capture this event and also whenever the cabinet is opened.
 - c. There is no PIN Pad or keyboard installed on the kiosk. Customer input is done via the Contactless/Smart Card Reader, the Magnetic Stripe Reader, or the touch screen.
 - d. All transactions, including maintenance actions are logged into both the event logs and the trace files.
 - e. Kiosk logs are maintained for a minimum of one year.
 - f. The kiosk holds a maximum of 125 Instant cards. The cards are not activated until the purchase transaction has been completed.

Network Requirements:

1. Logical access to the kiosk is authenticated and logs of the access are kept for a minimum of one year.
2. Kiosks communicate with the Ready Credit data center. A physical firewall device is integrated in with a VPN established for all communications.

3. All logical connections to the kiosk for maintenance, software downloads, system updates are done over a secure point-to-point VPN.
4. Encryption algorithm is TDES.
5. Encryption keys are unique for each kiosk
6. Hardware encryption is used for the generation of keys for the kiosks.
7. Kiosks use private, non-routable IP addresses for communications.

System Requirements:

1. Kiosk operating systems are currently based on Microsoft XP and are periodically updated with new patches from Microsoft.
2. Kiosks have a firewall integrated into the secure communications to prevent unauthorized access.
3. All access to the kiosk is authenticated via unique usernames and passwords for authorized users. Log files are kept for a minimum of one year.
4. All kiosk network traffic is encrypted, protected by a firewall, and only transmitted and received over a point-to-point VPN.

Data Requirements:

1. The ReadySTATION application dispenses instant issuance pre-paid cards that are anonymous at the time of application. In every case, cardholder data is protected against unauthorized access.
2. All sensitive data used in the issuance of cards is protected against unauthorized access.



Financial Summary – Twelve Month Pilot

Visa Financial Rationale

Visa is investing in this test to evaluate the business impact of supporting transit functionality on a prepaid card. The hypothesis is that cards supporting transit functionality will demonstrate higher acquisition rates and overall spend than the average prepaid cards. If this proves to be true, Visa does have a positive 5 year national business case.

Ready Credit Financial Rationale

Ready Credit is investing in this test to evaluate the sale of prepaid cards in the transit industry. The hypothesis is that cards supporting transit functionality will demonstrate higher acquisition rates and lower overall acquisition costs. By subsidizing transit usage (by not charging fees to consumers for transit usage and offering free reloads in transit), Ready Credit believes it can acquire customers that adopt the use of the card for retail purchases. We also believe that the high traffic and high frequency environment of transit provides unique attributes that should support customer convenience and loyalty.

Twelve Month Pilot Costs

Visa's and Ready Credit's contributions to the pilot program are listed in the table below.

Description	Quantity	Cost
Kiosks procurement	40 kiosks	\$420,000
Installation and maintenance of kiosks	40 kiosks	\$120,000
Software development to support TAP		\$90,000
Card procurement	30,000 cards (20,000 anonymous, 10,000 personalized)	\$300,000
Website to support ReadyCARD/Tap cardholders		\$75,000
Marketing to support pilot		\$250,000
Consumer research		\$100,000
Project management		\$260,000
Total		\$1,615,000



Twelve Month Pilot Revenues

Based on projected card sales, usage and the deployment of 40 ReadySTATIONS (20 near or in close proximity to LACMTA locations and 20 in retail locations), the estimated revenue for the 12 month pilot is detailed below.

Pilot Projections: Card Sales & Usage

20 ReadySTATIONS placed near or in close proximity to Transit Locations

20 ReadySTATIONS placed in Retail Locations

Instant ReadyCARD TAP Card Sales	16,800
Personalized ReadyCARD TAP Card Sales	8,400

Cardholder Usage

Instant ReadyCARD TAP (1)

Issuance	\$4.95
Monthly Maintenance	\$4.95
Transactions 4 @ \$0.25	\$1.00
Total	<u>\$10.90</u>

Personalized ReadyCARD TAP

Issuance	\$0.00
Transactions 4 @ \$0.25	\$1.00
Reload 1 @ \$1.00	\$1.00
ATM 1 @ \$1.95	\$1.95
Monthly Maintenance	\$4.95
Total per month	<u>\$8.90</u>

(1) The projected lifetime use of the Instant ReadyCARD TAP card is one month

Projected Pilot Revenues-12 Months

Instant ReadyCARD TAP Card Revenues	\$	174,160
Personalized ReadyCARD TAP Card Sales	\$	435,240
Total revenues from first year of pilot	\$	609,400



Long Term Financial Impact on LACMTA

At the successful conclusion of the pilot, if LACMTA enters into an agreement with Ready Credit for the full deployment of the card program throughout the LACMTA system. Ready Credit will pay LACMTA a revenue share on card fees. Ready Credit believes that LACMTA could generate approximately \$7.7 million in revenue over three years. This revenue projection is derived from the estimated deployment of 50 kiosks deployed near or in close proximity to LACMTA locations and Personalized ReadyCARD TAP card sales of approximately 133,125 cards over 3 years.