

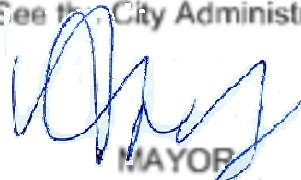
TRANSMITTAL

0150-08795-0003

TO The Council	DATE 2/27/15	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

Authority for the Director of Finance to proceed with executing an amendment to Contract No. C122244 with Transworld Systems, Inc. (formerly NCO Financial Services) for continuation of services related to the collection of delinquent accounts owed to the City.

Approved as requested. See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero)

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)


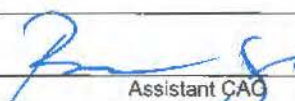

To: The Mayor		Date: 02-10-15	C.D. No. n/a	CAO File No.: 0150-08795-0003			
Contracting Department/Bureau: Office of Finance			Contact: Ken White				
Reference: Transmittal from the Office of Finance dated January 20, 2015							
Purpose of Contract: To provide primary and/or secondary collection services for delinquent accounts.							
Type of Contract: () New contract (x) Amendment			Contract Term Dates: June 1, 2013 to May 31, 2016				
Contract/Amendment Amount: Compensation is based on a contingency fee of 17.9 percent of amount recovered for Primary Collection Services or 22.5 percent of amount recovered for Secondary Collection Services.							
Source of funds: The contingency fee is collected by the Contractor from the payment of the debtor.							
Name of Contractor: Transworld Systems, Inc.							
Address: 507 Prudential Road, Horsham, PA 19044							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available			X	b. Good Faith Effort Outreach**	X		
3. Charter Section 1022 findings completed	X			c. Equal Benefits Ordinance	X		
4. Proposals have been requested	X			d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
				g. Bidder Contributions CEC Form 55	X		
7. Workforce that resides in the City:				*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

The attached request from the Office of Finance (Finance) seeks approval to execute an amendment to a contract with NCO Financial Systems, Inc. (NCO) under the new name of Transworld Systems, Inc. to continue outside collection services for the City's delinquent accounts.

On November 3, 2014, Finance was notified that NCO had been acquired by Transworld Systems, Inc. (TSI) (see attached letter from TSI) and is no longer operating under the NCO Financial Systems name. As such, approval is required to continue the contract under the new ownership. All the terms of the original agreement will remain in full effect.

Under the amended agreement, TSI will continue to perform the collection of delinquent debt and will be compensated on a contingency fee basis at a rate of 17.9 percent of the amount recovered for Primary Collection Services or 22.5 percent of the amount recovered for Secondary Collection Services. Primary Collection Services is defined as collection efforts for initial City referrals of delinquent accounts that are 45 days past due (except for Emergency Medical Services (EMS) accounts, which may be referred no later than nine months past due). Secondary Collection Services is defined as collection efforts on City referrals of delinquent accounts that were previously assigned

 JL Analyst 01150042c	 Assistant CAO	 City Administrative Officer
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to a collection agency at the primary level and returned to the City after the account remained uncollected after nine months from referral. The contractor's contingency fees are built into the collection amount and are then paid out from the revenues collected.

Finance is currently in the process of obtaining City required compliance documents and insurance certificate from TSI.

RECOMMENDATION

That the Mayor authorize the Director of the Office of Finance, or designee, to proceed with executing an amendment to Contract No. C-122244 to reflect the new vendor name, Transworld Systems, Inc. once all City-required compliance documents and insurance certificate are provided. The terms of the original contract shall remain unchanged.

FISCAL IMPACT STATEMENT

The recommendation in this report is in compliance with the City's Financial Policies in that funding is provided on a contingency fee basis to the contractor from revenues recovered.

Attachment

FIRST AMENDMENT TO CONTRACT No. C-122244

BETWEEN

THE CITY OF LOS ANGELES

AND

NCO FINANCIAL SYSTEMS, INC.

This First Amendment to Contract No. C-122244 between the City of Los Angeles (hereinafter "City") and NCO Financial Systems, Inc. (hereinafter "Contractor") is entered into with reference to the following:

WHEREAS, on May 30, 2013 the parties entered into Contract No. C-122244 wherein Contractor agreed to provide Debt Collection Services; and

WHEREAS, Contractor has informed the City that effective November 3, 2014, Transworld Systems, Inc. has purchased certain of Contractor's assets and assumed full responsibility for execution of Contract No. C-122244; and

WHEREAS, the parties hereto desire to amend the Agreement to reflect the name change of the Contractor.

AGREEMENT

NOW THEREFORE the parties hereby covenant and agree as follows:

ARTICLE I – AMENDMENT TO THE AGREEMENT

- A. The opening paragraph of the Agreement is hereby amended in its entirety to read as:

This Agreement is made and entered into by and between the City of Los Angeles, a municipal corporation, acting by and through its Office of Finance, hereinafter referred to as "CITY", with offices located at 200 North Spring Street, Room 220, Los Angeles, California 90012, and Transworld Systems, Inc., hereinafter referred to as "Contractor", with offices located at 507 Prudential Road, Horsham, PA 19044.

B. Article VIII – Notices, of the Agreement is hereby amended in its entirety to read as:

A. City Address:

*Office of Finance, Revenue Management Division
200 N. Spring St., Room 1225
Los Angeles, CA 90012
Attn: Evelyn Kelley, City Contract Administrator
Telephone: (213) 978-3699
Fax: (213) 978-3666
Email: evelyn.kelley@lacity.org*

B. Contractor's Address:

*Transworld Systems, Inc.
5626 Frantz Rd.
Dublin, OH 43017
Attn: Bill Girsch, Vice President of Operations
Telephone: (314) 761-4061
Email: Bill.Girsch@TSICO.com*

ARTICLE II – GENERAL PROVISIONS

Except as amended by this FIRST AMENDMENT, all other provisions of Contract No. C-122244 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed by their duly authorized officers:

Approved Corporate Signature Methods (please sign in blue ink):

- a) Two Signatures: one by Chairman of Board of Directors, President, or Vice President; **and** one by Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer. - or -

- b) One signature by a Corporate designated individual **together with** properly attested resolution of Board of Directors authorizing person to sign on the company's behalf.

CITY OF LOS ANGELES

TRANSWORLD SYSTEMS, INC.

By _____
ANTOINETTE CHRISTOVALE, CPA
Director of Finance/City Treasurer

By _____

Name _____
Printed / Typed

Date _____

Title _____
Printed / Typed

Date _____

By _____

Name _____
Printed / Typed

Title _____
Printed / Typed

Date _____

APPROVED AS TO FORM:

ATTEST:

MICHAEL N. FEUER
City Attorney

HOLLY L. WOLCOTT
City Clerk

By _____

By _____

Title _____

Title _____

Date _____

Date _____

PO BOX 967
Horsham, PA 19044-0967



CITY OF LOS ANGELES
EVELYN KELLEY
200 N SPRING ST STE 220
LOS ANGELES CA 90012-3238



November 3, 2014

Dear CITY OF LOS ANGELES,

As we announced in July, Expert Global Solutions, the holding company for NCO Financial Systems and Transworld Systems, reached an agreement to sell certain segments of its third party Accounts Receivable Management business to Platinum Equity. On behalf of EGS and Platinum Equity, we are pleased to inform you that the sale of the businesses has been completed.

Because you are an important client - and your business will transition to the new TSI -we wanted to make you aware of the close of the sale and what it means for your business. Going forward, you will be doing business with Platinum Equity's business process outsourcing company, Transworld Systems Inc. (TSI).

Platinum Equity is a California-based global investment firm with a unique focus on business operations. Founded in 1995, Platinum Equity has more than \$7 billion in assets under management and a portfolio of operating companies in many different industries that serve customers around the world. Platinum Equity believes there is a great opportunity to grow the TSI business and to maintain the highest standards of excellence by continuing to invest in infrastructure and technology.

EGS and Platinum Equity are committed to customer service and ensuring a smooth and seamless transition. As such, you should not expect any disruptions in service as we transition. You will notice, however, that invoices and statements will feature the new TSI logo (as shown above) and that customer letters and messaging will reflect the new name, effective immediately.

The TSI team remains laser-focused on serving your needs and we pledge to keep you well informed of any changes. If you have questions about your account and/or this transition, please e-mail TSI customer service, cs@tsico.com.

On behalf of the leadership teams at both EGS and TSI, we appreciate your business and the privilege to serve your customers.

Sincerely,

Bob Segert
President and Chief Executive Officer
Expert Global Solutions

Tim Galloway
President
Transworld Systems Inc.



November 3, 2014

Dear Client:

As we announced in July, Expert Global Solutions, the holding company for NCO Financial Systems, reached an agreement with Platinum Equity to sell certain segments of its third party Accounts Receivable Management business. On behalf of EGS and Platinum Equity, I am pleased to inform you that the sale of the businesses is complete.

As you do business with one of the impacted segments of the organization, I wanted to make you aware of the close of the sale. Going forward, these business units will operate as a standalone company in Platinum Equity's portfolio under the **Transworld Systems Inc. (TSI)** name.

Invoices will now come from TSI, under FEIN: 94-1728881. A copy of TSI's W-9 is being provided for your records.

In addition, the invoice remittance address will change. Effective immediately, please update your Accounts Payable system to reflect the following:

Electronically:

Transworld Systems Inc.
Account Number: 6238673447
ABA #: 036076150
Bank Name: RBS Citizens
Address: 1 Citizens Drive Riverside, RI 02915

ACH and wire payments should be accompanied by an email containing the invoice number and payment amount to edi.advice@tsico.com.

Electronic payment is our preferred method of payment, however, if it is necessary to continue making payments via check, please remit to the address below.

Remit Address:

Transworld Systems Inc.
PO Box 5505
Carol Stream, IL 60197-5505

Should you have any questions or concerns related to this change, please contact your service representative or e-mail TSI Customer Service, cs@tsico.com.

We appreciate your partnership over the years and look forward to an on-going relationship.

Sincerely,
Lori Kircher
Vice President, Treasury
Transworld Systems Inc.

**Request for Taxpayer
Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Transworld Systems Inc.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
 Individual/sole proprietor
 C Corporation
 S Corporation
 Partnership
 Trust/estate
 Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ **C**
 Other (see instructions) ▶

Exemptions (see instructions):
 Exempt payee code (if any) **5**
 Exemption from FATCA reporting code (if any)

Address (number, street, and apt. or suite no.)
507 Prudential Road

City, state, and ZIP code
Horsham, PA 19044

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

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Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number

9	4		1	7	2	8	8	8	1
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Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below), and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here Signature of U.S. person ▶ Carol J. Schubert Date ▶ 11-5-14

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted. Future developments. The IRS has created a page on irs.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien.
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

0-122244

AGREEMENT
between
THE CITY OF LOS ANGELES
and
NCO FINANCIAL SYSTEMS, INC.
FOR COLLECTION SERVICES OF THE CITY'S
DELINQUENT ACCOUNTS RECEIVABLE

This Agreement is made and entered into and between the City of Los Angeles (hereinafter referred to as the "City"), a municipal corporation, acting by and through its Office of Finance (hereinafter referred to as "Finance") and NCO Financial Systems, Inc., (hereinafter referred to as the "Contractor").

WITNESSETH:

WHEREAS, City utilizes outside collection agency services as a best practice in delinquent debt collection and revenue generator to the City; and

WHEREAS, City prepared and released a Request for Proposals (RFP) for Primary and/or Secondary Collection Services to pursue collection of the City's delinquent accounts; and

WHEREAS, the Contractor recognizes that the City may contract with multiple agencies for collection services and may utilize any account allocation process that it deems appropriate; and

WHEREAS, the RFP Evaluation Committee has evaluated the proposals received and recommended approval of the Contractor to the City Council; and

WHEREAS, the City Council has approved the Contractor as one of the agencies for collection services to pursue collection of the City's delinquent accounts; and

WHEREAS, the parties hereto wish to enter into an Agreement by which the Contractor will perform the work and furnish all labor, materials and equipment necessary to recover the monies due the City as a result of active pursuit of outstanding accounts receivables.

NOW THEREFORE, in consideration of the above premises and the covenants, representations and agreements herein contained, the parties hereby covenant and agree as follows:

ARTICLE I - SERVICES TO BE PROVIDED

The Contractor is an independent organization that will provide primary and/or secondary collection services on delinquent accounts referred to it by City departments, bureaus or offices (hereinafter referred to as "City departments") pursuant to the terms and conditions of this Agreement.

Services to be performed by the Contractor for primary and/or secondary collection services herein include, but are not limited to, locating debtors; arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, filing delinquent

notifications with credit bureaus and verifying assets. All correspondence between the Contractor and the City debtors shall be sent by first class mail.

Primary collection services include collection efforts on initial referrals of delinquent accounts to a contracted collection agency by a City department. Generally, delinquent accounts referred at the primary level are at least 45 days past due, except for emergency medical services (EMS) accounts referred by the Los Angeles Fire Department (LAFD). LAFD may refer delinquent EMS accounts at the time reasonable collection efforts have failed, but not later than nine (9) months from the date of initial billing.

For primary level services, the Contractor shall have a period of nine (9) months to effect collection. If the Contractor is unable to collect on the referred account within nine (9) months from assignment, the Contractor shall return the account to the City department that referred it and cease all collection efforts. For the purposes of this Agreement, the term "assignment" means the date that the account is referred to the Contractor. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City. In limited circumstances, the City may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing.

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the City department by the primary level agency after at least nine (9) months from initial assignment and uncollected. For secondary level collection services, the Contractor shall have a period of six (6) months to effect collection. If the Contractor is not able to collect on the referred account within six (6) months from assignment, the Contractor shall return the account to the City department that referred it and cease all collection efforts. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City. In limited circumstances, the City may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing.

The Contractor shall only perform primary level or secondary level collection services on any particular account that is referred to it and shall not under any circumstance perform both primary and secondary level collections on the same account.

The Contractor is prohibited from instituting any legal action on behalf of the City against any debtor or performing any service that would constitute the practice of law in the State of California. The Contractor is also prohibited from using any threats of legal action. The Contractor may only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the Contractor determines that legal action or legal services are required, the Contractor shall make a recommendation for such action and return the account to the City. Under this circumstance, the Contractor may communicate to debtor that the matter is being returned to the City with a recommendation to consider further legal recourse.

In the event an account assigned to the Contractor is determined to be uncollectible, by City or Contractor, for reasons that include, but are not limited to, a debtor's bankruptcy filing, court-ordered receivership is granted over debtor's business, debtor is deceased or decedent's estate

does not have sufficient assets to satisfy the indebtedness, the Contractor shall cease all collection efforts on said account upon receipt of this information and return the account to the City with notification of the reason(s) for return of the account, as detailed in Article V of this Agreement.

ARTICLE II – REFERRAL PROCESS

Prior to referring any accounts to the Contractor, a City department must forward to the Contractor a Participation Document. The Participation Document includes key information regarding the City department to facilitate referral of accounts to the Contractor. Under no circumstance shall the Contractor initiate collection on behalf of a City department prior to receiving a completed and signed Participation Document from the City department for which it will effect collection. Receipt of a completed Participation Document from a City department does not obligate or guarantee that the City department will actually refer any accounts to the Contractor. At any time, the City department may, at its sole discretion, utilize the services of the Contractor or another contracted agency. Information in the Participation Document includes:

- Specific Department Information
- Type of Accounts to be Referred
- Liaison for Account Inquiries and Technical Issues
- Method to Transmit Accounts
- Specific Reporting/Remittance Requirements

City departments may use various means/methods to assign accounts to the Contractor, that includes electronic transmission, electronic file, or in writing. For the purposes of this Agreement, the term "assign" means the transfer of accounts by a City department to the Contractor to effect collection. Assigned accounts will include the following information, if available, and any other relevant information that the City department may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding

ARTICLE III – PERFORMANCE REQUIRMENTS

- A. In performing collection services for the City, the Contractor shall adhere to the highest legal, ethical, and professional standards. The Contractor shall comply with the Taxpayer Bill of Rights and perform services in a manner that is consistent with all federal and state fair debt collection practices, acts and confidentiality provisions, including, but not limited to California Civil Code Sections 1788 et seq. In addition, all information and data received by the Contractor from the City shall be regarded as confidential under Section 21.17 of the Los Angeles Municipal Code.

Moreover, for collection of LAFD EMS accounts, the Contractor shall be in

compliance with all Health Insurance Portability and Accountability Act (HIPAA) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162 and 164) and the American Recovery and Reinvestment Act of 2009 which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400 et seq.) throughout the term of the contract and sign a Business Associate Agreement with the Fire Department prior to receiving any EMS accounts for collection. The Contractor shall be required to integrate with existing City HIPAA compliant systems to ensure secure electronic transfer of EMS related records.

In addition, in performing the services requested, the Contractor shall:

1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the City but that it is an entity separate and distinct from the City;
2. Collect on only amounts authorized by the City and shall not add or collect any amounts not authorized by the City;
3. Deposit all monies collected for the City into a special trust fund which shall be kept separate and not commingled with other funds of the Contractor or other clients of the Contractor. If the trust fund is an interest accruing account, such accruals must be credited to the City. All monies collected by the Contractor for the City shall be remitted to the City on a monthly basis; as defined in this Article and Article V of this Agreement;
4. Deliver to the referring City department on or before the fifteenth (15th) of each month all monies collected during the previous month. The Contractor shall not, for any reason, withhold monies collected during the previous month on any account referred to the Contractor by the City and shall promptly deliver said payments to the City as specified above. Together with the monthly delivery of monies collected during the previous month, the Contractor shall submit an invoice in duplicate for commission owed and a remittance report summarizing detailed information for payments received in accordance with the requirements outlined in Article V of this Agreement;
5. Obtain approval from the City as to form and content for all letters used by the Contractor to effect collection before use;
6. Engage in payment plans, when determined appropriate, with the City debtors for a term of no longer than one year. Payment plans in excess of one year require approval from the referring City department;
7. Agree that any information provided by the City departments on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose;

8. Maintain all City information and records separate from information and records related to other clients;
9. Bear all expenses and costs incurred to effect collection of any account referred by the City;
10. Report City department accounts to credit bureaus within 45 days of assignment, except for instances when the City has approved in writing a change in this time frame. The account may remain on a credit bureau report for the duration of the time in which the account is assigned with the Contractor and any written extension granted by the City, but upon return of the account to the City, the Contractor will instruct credit bureaus to remove any negative data reported relative to the account;
11. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other City-approved methods;
12. Return to the referring City department, in automated format or other manner specified by City department, all accounts that remain uncollected by the Contractor upon nine (9) months from assignment for primary collection and six (6) months from assignment for secondary collection, and shall cease all collection efforts, except for instances where payment plans are in affect and active payments are made in accordance with the plan or in limited circumstances where the City may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City. The Contractor shall report to the referring City department; as outlined in Article V of this Agreement; on any account returned prior to or retained past the allotted time specified by the City to effect collection in this Agreement;
13. Be able to accept account data through various communication methods employed by the City, whether paper-based or electronic. The Contractor must work with the individual City departments to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the Contractor;
14. Comply with any special collection campaigns authorized by the City, wherein selected account types may be targeted for specified reductions in balances owed, for example, offer in compromise and debt amnesty programs.

Moreover, in performing the services requested, the Contractor shall not:

15. Subcontract, assign, refer or transfer any account referred to it by the City, or otherwise assign its rights or delegate its duties under this Agreement to any other

person or entity, including any attorney, without the express written consent of the City;

16. Collect more than the amount of the assigned debt and any applicable contingency fees authorized by the City to be added to the assigned amount. The City's assigned debt may include both the principal amount and any penalties or interest on the unpaid principal amount, including any accrued amounts authorized by the City. The Contractor shall not add and/or collect penalties, interest or fees not authorized by the City in writing. Any additional authorized or unauthorized amounts collected by the Contractor shall be remitted to the City, as defined in Article V of this Agreement;
17. Threaten or intimidate debtors under any circumstances in the collection of the City's accounts or violate any applicable government laws or regulations;
18. Use or display the official seal of the City of Los Angeles on any of its letterheads or communications with any debtor for any reason;
19. State or suggest, in any verbal or written communication, that the Contractor intends to pursue legal action against the debtor, or imply that it has any authority to do so;
20. Take any legal action against a debtor on a City account;
21. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the City in writing;
22. Recommend to debtors the use of "payday" loans to satisfy City accounts, or any loans through a lender wherein the Contractor has any financial interest in the lender or where the Contractor would realize any additional financial gain through referral of business to the lender;
23. Perform secondary level collection services on any account in which it has previously performed primary collection services under this Agreement.

B. Recall of Accounts

The City departments shall have the right at their sole discretion to recall from the Contractor without charge or penalty any account(s) assigned to the Contractor. For purposes of this Agreement, the term "recall" means the demand return of an assigned account to the City. Upon recall by the City departments, the Contractor shall undertake no further collection efforts on recalled account(s). The Contractor shall also instruct credit bureaus to remove any negative data reported relative to the account(s) recalled. The Contractor shall not be entitled to any contingency fees for payments received by the City on an account after the date of recall except where the

debtor has contacted the City to engage in settlement of the account prior to the date of recall. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor, the Contractor shall not accept payment and direct the debtor to contact the City.

C. Quality Assurance

The Contractor's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the City, including, but not limited to, establishing contractor performance benchmarks and incentives relative to collection on City accounts. The City may use a variety of inspection methods to determine Contractor's compliance with terms of this Agreement and evaluate performance level. The methods of inspection may include, but are not limited to:

- Random sampling
- Reports, (monthly and as needed)
- Periodic inspection of output items

The City shall have the right at any time during regular business hours to inspect records relative to City department accounts maintained by the Contractor at its place of business. Said records shall be retained by the Contractor three (3) years following final payment under this Agreement for non-EMS accounts. For LAFD EMS accounts, the Contractor shall retain records as required by HIPAA and the terms of the Business Associate Agreement between the Contractor and LAFD.

The Contractor must also be available to meet with representatives of the City on a quarterly basis, or as deemed appropriate by the City, to discuss any issues or concerns relating to the contract and/or City accounts. Upon request by the City for an impromptu meeting with the Contractor, the Contractor shall coordinate with the City an amicable time; however, if the City deems the matter requires immediate attention, the Contractor shall make itself available to meet with the City within two (2) business days from the day of the City's request.

D. Account Redistribution

City departments shall have sole discretion at any time without reason the right to distribute or redistribute accounts among the City's contracted collection agencies. For those accounts assigned to the Contractor wherein payments are being made and/or subject to a current, agreed upon payment plan, the City departments may permit these accounts to remain with the Contractor while collections continue according to the arranged payment amount and schedule.

For any account assigned to the Contractor and recalled by the City to pursue other measures to collect, including redistribution to another contracted collection agency, the Contractor will not be due any commission after the date of recall by the City except where debtor has contacted the City to engage in settlement of the account

prior to the date of recall. The Contractor shall direct the debtor to contact the City on any attempt by a debtor to pay on a City account that has been recalled by the City or is no longer assigned to the Contractor.

E. Membership in Professional Organizations

The Contractor shall maintain, at no cost to the City, membership in the American Collectors Association, California Association of Collectors or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said associations.

F. Tax Certificate

The Contractor agrees to have and maintain a valid City of Los Angeles Business Tax Registration Certificate for the term of the Agreement, at no cost to the City.

G. Automation Support

The Contractor shall provide information technology/systems support to the City as deemed necessary by the referring City departments to establish and maintain account referral protocols, information exchanges and reports. Such information technology/systems support services are to be provided by the Contractor at no expense to the City.

H. Client Assistance

The Contractor shall provide to the referring City departments and offices as needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the Contractor at no expense to the City.

I. Training

The Contractor shall provide to the City on-site training relative to collection processes and procedures as deemed necessary by the referring City departments at no cost to the City.

J. Consulting

The Contractor shall provide to the City, upon request of management and supervisory level personnel, consulting services relative to collection and revenue enhancement processes and procedures as deemed necessary by the referring City department at no cost to the City. The Contractor shall provide to City management and supervisory level staff data and information relative to collections, industry

trends, best practices, projections and any other relevant materials, upon request, to assist City staff in revenue collection management and analysis.

K. Access to Accounts

The Contractor shall provide to City departments remote access to its accounts assigned to the Contractor through an internet website or similar process. The Contractor shall also provide City departments with technical assistance, training and requirements needed to establish and use remote access privileges to its accounts, if needed, and at no cost to the City.

L. Complaint Response and Handling

The Contractor shall acknowledge and respond to all written and oral complaints received relative to City accounts or City debtors. For written complaints, the Contractor shall acknowledge receipt of the complaint in writing within two (2) business days from the day the written complaint is received. Complaints and/or inquiries by telephone shall be received by the Contractor's personnel during regular business hours. During non-business hours, the Contractor shall provide a means for debtors to leave a message regarding their complaint and/or inquiry. All phone messages regarding City accounts shall be responded to by the Contractor no later than the next business day from the day that the message was left.

All complaints shall be directed to qualified customer service staff or manager who shall take responsibility for resolving the matter. The Contractor shall conduct any necessary investigations and take appropriate steps to resolve complaints within thirty (30) calendar days from receipt of the complaint, or other time frame, if deemed appropriate and specified in writing by the City. The Contractor shall notify complainant of the resolution of their complaint in writing and provide written notification of said resolution to the City, as defined in Article V of this Agreement. In circumstances when a complaint requires more than thirty (30) calendar days to resolve, the Contractor shall inform the City of the additional time needed, basis for the delay and estimated time when a resolution is expected.

The Contractor shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition and the name and title of staff that handled the matter.

At its sole discretion, the City may require the Contractor to take further steps to resolve a complaint if determined by the City that the Contractor did not address the complaint in a manner satisfactory to the City. The Contractor shall provide to the City any record(s) relative to a complaint upon request of the City, and said record(s) shall be made available to the City within two (2) business days of the City's request.

The Contractor shall immediately notify the City of any legal actions initiated against the Contractor regarding any City account, or which may have any relevance to the City as a business partner. The Contractor shall within one (1) week of giving notice to the City of a legal action, submit a comprehensive written report, including any supporting documentation, to the City to acquaint the City of pertinent details regarding the legal matter. The City may, at its discretion, require the Contractor to provide said report sooner than one (1) week if deemed appropriate. The Contractor shall keep the City informed on the status of any litigation matter at least on a quarterly basis, and shall immediately inform the City of any key developments with regard to the legal proceeding. The City may, at its sole discretion, modify the Contractor's reporting requirement regarding a legal matter as deemed appropriate. The Contractor shall assume all costs related to any litigation and the City shall be held harmless for any liabilities or damages that may result from litigation against the Contractor on any City account.

ARTICLE IV - COMMISSION PAYMENTS

The City agrees to compensate the Contractor on a contingency fee basis for services to the City performed under this Agreement. If no recovery is made on an account referred to the Contractor by the City, there is no compensation due to the Contractor. The commission due the Contractor shall be based on the Contractor's applicable commission rate approved by the City and any recovery made on an account that has been assigned to the Contractor, up to, but not to exceed the City's assigned amount. For compensation purposes, the assigned amount is the amount of the debt referred to the Contractor, including any City authorized adjustments to the amount referred after assignment, i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account.

Any adjustments made to an assigned amount shall be authorized by the City, and upon adjustment, the Contractor shall be entitled to commission on amounts recovered up to the final adjusted assigned amount. The Contractor is not entitled to commission on amounts recovered that exceed the City's assigned amount, i.e., the Contractor's contingency fees authorized by the City to be added to the assigned amount and collected by the Contractor.

The Contractor's approved commission rates for primary and secondary level collection on actual amounts recovered on accounts referred, up to, but not exceeding the assigned amount of the referral, shall be:

- **17.9% for Primary Collection Services**
- **22.5% for Secondary Collection Services**

The Contractor shall not be compensated in any other method than that prescribed in this Article. An invoice shall be submitted to the appropriate referring City department for commission owed the Contractor on amounts collected during the previous month, as detailed in Article III and Article V of this Agreement.

Any money paid directly to the City on any account assigned to the Contractor shall be deemed to have been collected by the Contractor, and the Contractor will be entitled to receive a commission on the payment, unless: 1) payment is received by the City or postmarked on or prior to the date of the City's receipt of the Contractor Acknowledgement Report as set forth in Article V of this Agreement or; 2) collection activity, such as dunning notice sent or telephone contact with debtor, by the Contractor has not begun, in which case the Contractor would not be due any commission. The City shall promptly notify the Contractor regarding any payment made directly to the City on an account assigned to the Contractor.

ARTICLE V - REPORTING

A. Required Monthly Reports to City Contract Administrator

The Contractor shall provide to the Contract Administrator in the Office of Finance, monthly electronic reports regarding collection activities, overall and specific to individual City departments, performed by the Contractor during the previous month and from inception of the Agreement. Required monthly reports are due to the City's Contract Administrator within five (5) working days of the close of the prior month. The City reserves the right to modify the Contractor's monthly reporting requirements as deemed appropriate and the Contractor shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by City of the requested modification. Required monthly reporting, as defined by the City, may include, but are not limited to the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Article III of this Agreement

B. Required Monthly Reports to Referring City Departments

The Contractor shall also provide monthly electronic reports to each City department that refers accounts. Monthly reports shall include information relative to collection activities specific to accounts referred to the Contractor by that City department and include information for the prior month and aggregate from the time department initiated referring accounts to the Contractor. Required monthly reports are due to City departments within five (5) working days of the close of prior month. City departments reserve the right to modify Contractor's monthly reporting requirements as deemed appropriate. The Contractor shall comply with any requested changes in monthly reporting within one (1) month of receiving notification from the department. Required monthly reporting to referring City departments on accounts assigned to the Contractor may include, but are not limited to the following:

- Status of Accounts Referred by the City department
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

C. Acknowledgement Report

Upon receipt of a referral from a City department, the Contractor shall provide an Acknowledgment Report to the referring City department within one City business day from the assignment to verify account placement. Timely submission of the Acknowledgement Report by the Contractor is essential in order for the Contractor to be entitled any commission for monies collected on a referred account, as set forth in Article IV of this Agreement. The referring City department shall specify to the Contractor the method for receipt of the Acknowledgement Report. Information in the report shall include, but not be limited to the following on each account received:

- City Account Number
- Debtor Name
- Assignment Date
- Assignment Amount

D. Returned Accounts Report

The Contractor is required to furnish to City departments when applicable, a report on accounts returned to the City. Reasons that an assigned account may be returned to the City include, but are not limited to:

- Contractor was unable to collect the unpaid amounts within the time period allotted by the City to effect collection
- Court-ordered receivership is granted over debtor's business
- Debtor bankruptcy filing
- Debtor is deceased
- Decedent's estate lacks sufficient assets to satisfy the indebtedness
- City recalled the account

The contractor must state in its report the reason(s) for the return of the account and be able to provide detailed information regarding all efforts undertaken by the Contractor to collect on the account prior to its return. The format for the report on returned accounts shall be specified by the City departments and shall accompany any returned accounts. At a minimum, information contained in the report shall include the following for each account returned:

- City Account Number
- Contractor Assigned Account Number
- Debtor Name

- Assignment Date
- Assigned Amount
- Amount Collected
- Remaining Balance Due
- Detailed Reason for Return

E. Retained Accounts Report

The Contractor is required to furnish to City departments when applicable, a report on accounts retained by the Contractor beyond the approved nine (9) months for primary collection and six (6) months for secondary collection. Reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the City due to the time period allotted by the City to effect collection has expired. The Contractor shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the City department.

City accounts shall not be retained by the Contractor unless authorized in writing by the referring City department or where payment plans are in effect and debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement.

At any time the City may, at its sole discretion and for any reason, recall an account from the Contractor, as set forth in Article III of this Agreement. However, this action would not preclude payment obligations to the Contractor of contingency fees in the event an account with a payment plan in effect is taken over by the City and successfully collected by the City. The retained accounts report shall include at least the following information for each account retained:

- City Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Amount Collected
- Remaining Balance Due
- Reason(s) Account has been Retained

F. Remittance Report

The Contractor is required to furnish to City departments when applicable, a remittance report setting forth the details from any monies collected from debtors on City assigned accounts during the previous month. This report shall accompany the monthly delivery of monies, as defined in Article III of this Agreement, and shall be delivered to the referring City department on or before the fifteenth (15th) of each month that the Contractor collected payments on assigned accounts during the previous month. Automated remittance processes may be implemented upon written

agreement between the City department and the Contractor. Specific information required in the report shall include, but not be limited to:

- Contract Number
- Contractor Assigned Vendor Code Number
- City Account Number
- Debtor Name
- Batch Number
- Amount Collected
- Remaining Balance Due
- Contractor Commission

G. Customized, Ad Hoc and Specialized As Needed Reports

On an occasional basis, the Contractor shall be required to provide to the City Contract Administrator or referring City department customized, ad hoc or specialized as needed reports. The Contractor shall furnish said reports within five (5) business days from receipt of a written request, or other timeframe specified in writing, from the City Contract Administrator or referring City department. Specific details regarding the content and format of the specialized report shall be provided by the requesting party.

ARTICLE VI - TERM

The term of this Agreement shall commence on June 1, 2013, and continue through May 31, 2016, unless terminated earlier as provided herein or amended as elsewhere provided herein. The City may, at its sole discretion, extend the term of this agreement for two (2) additional years in one (1) year increments under the same prices, terms and conditions for such periods if both parties agree to the extensions.

ARTICLE VII - MANAGEMENT, ORGANIZATION AND RESPONSIBILITIES

A. City Contract Administrator

The City hereby appoints the Director of the Office of Finance, or his/her designee, as the City Contract Administrator with respect to overall management, amendments or other matters directly related to this Agreement, provided; however, that any matters which will increase the City's financial obligation hereunder shall be presented to the City Council for its consideration and approval or otherwise approved as provided in the City's Charter or Administrative Codes.

Each City department shall be primarily responsible for matters regarding their assigned accounts or referrals. The Contractor shall direct any communications and/or inquires regarding any assigned accounts to the City department that referred the said accounts in accordance with the Participation Document and other directives from the City department. City departments shall provide written notice to the Contractor with

regard to any changes in the Participation Document or management of their referred accounts.

B. Contractor's Representative

The Contractor hereby appoints Jeffrey Smith, Vice President, to represent the Contractor with respect to amendments or other matters to this Agreement.

ARTICLE VIII - NOTICES

Notices and all other communications to the City or the Contractor required by or regarding this Agreement shall be in writing and delivered personally or sent by first class mail or fax as follows:

- A. City Address:
Office of Finance
200 N. Spring Street, Room 1225
Los Angeles, California 90012
Attn: Wai Y. Lau, City Contract Administrator
Telephone: (213) 978-1514
Fax: (213) 978-3666
Email: wai.y.lau@lacity.org
- B. Contractor's Address:
NCO Financial Systems, Inc.
10540 White Rock Road, Suite 250
Rancho Cordova, CA 95670
Attn: Jeffrey Smith, Vice President
Telephone: (888) 289-0907 Ext. 7007
Email: jeff.smith@ncogroup.com

Any change by either party with regard to notices and all other communications to the City or the Contractor shall be made through written notice to the other party in accordance with this Article.

ARTICLE IX - TERMINATION

The City may terminate the Agreement, or any part hereof, for its convenience, effective as of any date upon at least thirty (30) days written notification to the Contractor.

Upon termination of the Agreement, all accounts shall be deemed automatically reassigned by the Contractor to the City. In-process collections may be considered waived from reassignment upon written consent from the City. For the purpose of this Agreement, in-process collections are instances where payment plans are in affect and active payments are being made by the debtor in accordance with the plan. Contract terms and conditions will stay in effect with regard to

accounts that remain with the Contractor for in-process collections, with no additional account referrals to the Contractor by the City.

If any provision of this Agreement is held unenforceable, then such provision may be modified by mutual agreement to reflect the parties' intention. All remaining provisions of this Agreement shall remain in full force and effect.

ARTICLE X - INCORPORATION BY REFERENCE

The Contractor agrees to comply with all terms and conditions set forth in the City's "Standard Provisions for City Contracts" (revised March 2009), a copy of which is attached hereto as Appendix A and incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their respective duly authorized representatives.

Approved Corporate Signature Methods:

- a) Two signatures: one by Chairman of Board of Directors, President, or Vice President; and one by Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- b) One signature by corporate designated individual together with properly attested resolution of Board of Directors authorizing person to sign on the company's behalf.

THE CITY OF LOS ANGELES

NCO FINANCIAL SYSTEMS, INC.

By Antoinette Christovale
 ANTOINETTE CRISTOVALE
 Director of Finance

Date 5-30-13

By Alan B Superfine

Name Alan B. Superfine

Title Vice President

Date 5/17/13

By Tom Erhardt

Name Tom Erhardt

Title EUP CFO

Date 5/20/13

APPROVED AS TO FORM:

CARMEN A. TRUTANICH,
City Attorney

By [Signature]
 CARMEN A. TRUTANICH

Date 5-28-13

ATTEST:

JUNE LAGMAY,
City Clerk

By [Signature]

Date 5/30/13



C-122244

SECRETARY'S CERTIFICATE

I, Thomas Arnst, do hereby certify as follows:

1. That I am the duly elected and qualified Executive Vice President, Chief Administrative Officer and Secretary of NCO Financial Systems, Inc. (the "Company"), a Pennsylvania corporation.
2. That the following are true and complete copies of excerpts from the Joint Action by Unanimous Written Consent of the Board of Directors and Sole Shareholder of the Company effective July 1, 2012, and that said resolutions are the most recent resolutions of the Company pertaining to the subject matter thereof and are in full force and effect as of the date hereof.

NOW THEREFORE, BE IT RESOLVED THAT:

Regardless of any contrary provisions in the Bylaws, the officers of the Company shall consist of the offices listed below and the following persons are elected to the offices of the Company set forth opposite their names to serve in accordance with the Bylaws, until their successors are duly elected and qualified.

<u>Name</u>	<u>Office</u>
Thomas Erhardt	President, Chief Financial Officer and Treasurer
Jack Jones	Executive Vice President and Chief Operating Officer
Thomas Arnst	Executive Vice President, Chief Administrative Officer and Secretary
John Cubbin	Executive Vice President and Chief Information Officer

The above-named officers of the Company are hereby authorized, empowered and directed to execute, or delegate authority to any individual or individuals to execute, any and all such further instruments, documents, certificates and agreements, in the ordinary course of business of the Company, in the name and on behalf of the Company, under its corporate seal or otherwise, as they consider necessary or desirable to carry out the purposes of the foregoing resolutions. Any delegation of such signatory authority shall be evidenced by a writing (including, without limitation, an email) by the applicable above-named officer of the Company delegating such authority.

3. That Alan Superfine, Vice President, NCO Financial Systems, Inc., by email delegation dated May 17, 2013 ("authorized delegation"), a copy of which authorized delegation is attached hereto, was authorized to sign the Agreement between The City of Los Angeles and NCO Financial Systems, Inc. for Collection Services of the City's Delinquent Accounts Receivable dated May 17, 2013.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of May, 2013.



Tom Arnst, Executive Vice President,
Chief Administrative Officer and
Secretary