

1 AGREEMENT

2 **32515**

3 THIS AGREEMENT is made and entered, in duplicate, as of November 9,
4 2011, for reference purposes only, pursuant to a minute order adopted by the City
5 Council of the City of Long Beach at its meeting on November 8, 2011, by and between
6 NCO FINANCIAL SYSTEMS, INC., a Pennsylvania corporation ("Consultant"), with a
7 place of business at 10540 White Rock Road, Suite 250, Rancho Cordova, California
8 95670, and the CITY OF LONG BEACH, a municipal corporation ("City").

9 WHEREAS, City requires specialized services requiring unique skills to be
10 performed in connection with collection services ("Project"); and

11 WHEREAS, City has selected Consultant in accordance with City's
12 administrative procedures and City has determined that Consultant and its employees
13 are qualified, licensed, if so required, and experienced in performing these specialized
14 services; and

15 WHEREAS, City desires to have Consultant perform these specialized
16 services, and Consultant is willing and able to do so on the terms and conditions in this
17 Agreement;

18 NOW, THEREFORE, in consideration of the mutual terms, covenants, and
19 conditions in this Agreement, the parties agree as follows:

20 1. SCOPE OF WORK OR SERVICES.

21 A. Consultant shall furnish specialized services more particularly
22 described in Exhibit "A", attached to this Agreement and incorporated by this
23 reference, in accordance with the standards of the profession, and City shall pay
24 for these services in the manner described in Exhibit "B".

25 B. Consultant may select the time and place of performance for
26 these services; provided, however, that access to City documents, records and the
27 like, if needed by Consultant, shall be available only during City's normal business
28 hours and provided that milestones for performance, if any, are met.

1 C. Consultant has requested to receive regular payments. City
2 shall pay Consultant in due course of payments following receipt from Consultant
3 and approval by City of invoices showing the services or task performed, the time
4 expended (if billing is hourly), and the name of the Project. Consultant shall certify
5 on the invoices that Consultant has performed the services in full conformance
6 with this Agreement and is entitled to receive payment. Each invoice shall be
7 accompanied by a progress report indicating the progress to date of services
8 performed and covered by the invoice, including a brief statement of any Project
9 problems and potential causes of delay in performance, and listing those services
10 that are projected for performance by Consultant during the next invoice cycle.
11 Where billing is done and payment is made on an hourly basis, the parties
12 acknowledge that this arrangement is either customary practice for Consultant's
13 profession, industry or business, or is necessary to satisfy audit and legal
14 requirements which may arise due to the fact that City is a municipality.

15 D. Consultant represents that Consultant has obtained all
16 necessary information on conditions and circumstances that may affect its
17 performance and has conducted site visits, if necessary.

18 E. CAUTION: Consultant shall not begin work until this
19 Agreement has been signed by both parties and until Consultant's evidence of
20 insurance has been delivered to and approved by City.

21 2. TERM. The term of this Agreement shall commence at midnight on
22 November 9, 2011, and shall terminate at 11:59 p.m. on November 8, 2013, unless
23 sooner terminated as provided in this Agreement, or unless the services or the Project is
24 completed sooner. The parties have the option to extend the Agreement for three (3)
25 additional one (1) year terms.

26 3. COORDINATION AND ORGANIZATION.

27 A. Consultant shall coordinate its performance with City's
28 representative, if any, named in Exhibit "C", attached to this Agreement and

1 incorporated by this reference. Consultant shall advise and inform City's
2 representative of the work in progress on the Project in sufficient detail so as to
3 assist City's representative in making presentations and in holding meetings on
4 the Project. City shall furnish to Consultant information or materials, if any,
5 described in Exhibit "D", attached to this Agreement and incorporated by this
6 reference, and shall perform any other tasks described in the Exhibit.

7 B. The parties acknowledge that a substantial inducement to City
8 for entering this Agreement was and is the reputation and skill of Consultant's key
9 employee, Jeff Smith. City shall have the right to approve any person proposed by
10 Consultant to replace that key employee.

11 4. INDEPENDENT CONTRACTOR. In performing its services,
12 Consultant is and shall act as an independent contractor and not an employee,
13 representative or agent of City. Consultant shall have control of Consultant's work and
14 the manner in which it is performed. Consultant shall be free to contract for similar
15 services to be performed for others during this Agreement; provided, however, that
16 Consultant acts in accordance with Section 9 and Section 11 of this Agreement.
17 Consultant acknowledges and agrees that (a) City will not withhold taxes of any kind from
18 Consultant's compensation; (b) City will not secure workers' compensation or pay
19 unemployment insurance to, for or on Consultant's behalf; and (c) City will not provide
20 and Consultant is not entitled to any of the usual and customary rights, benefits or
21 privileges of City employees. Consultant expressly warrants that neither Consultant nor
22 any of Consultant's employees or agents shall represent themselves to be employees or
23 agents of City.

24 5. INSURANCE.

25 A. As a condition precedent to the effectiveness of this
26 Agreement, Consultant shall procure and maintain, at Consultant's expense for the
27 duration of this Agreement, from insurance companies that are admitted to write
28 insurance in California and have ratings of or equivalent to A:V by A.M. Best

1 Company or from authorized non-admitted insurance companies subject to
2 Section 1763 of the California Insurance Code and that have ratings of or
3 equivalent to A:VIII by A.M. Best Company, the following insurance:

4 (a) Commercial general liability insurance (equivalent in scope to
5 ISO form CG 00 01 11 85 or CG 00 01 10 93) in an amount not less than
6 \$1,000,000 per each occurrence and \$2,000,000 general aggregate. This
7 coverage shall include but not be limited to broad form contractual liability,
8 cross liability, independent contractors liability, and products and
9 completed operations liability. City, its boards and commissions, and their
10 officials, employees and agents shall be named as additional insureds by
11 endorsement (on City's endorsement form or on an endorsement
12 equivalent in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85 or
13 both CG 20 10 07 04 and CG 20 37 07 04 or both CG 20 33 07 04 and
14 CG 20 37 07 04), and this insurance shall contain no special limitations on
15 the scope of protection given to City, its boards and commissions, and
16 their officials, employees and agents. This policy shall be endorsed to
17 state that the insurer waives its right of subrogation against City, its boards
18 and commissions, and their officials, employees and agents.

19 (b) Workers' Compensation insurance as required by the California
20 Labor Code and employer's liability insurance in an amount not less than
21 \$1,000,000. This policy shall be endorsed to state that the insurer waives
22 its right of subrogation against City, its boards and commissions, and their
23 officials, employees and agents.

24 (c) Professional liability or errors and omissions insurance in an
25 amount not less than \$1,000,000 per claim.

26 (d) Commercial automobile liability insurance (equivalent in scope
27 to ISO form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in an
28 amount not less than \$500,000 combined single limit per accident.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

B. Any self-insurance program, self-insured retention, or deductible must be separately approved in writing by City's Risk Manager or designee and shall protect City, its officials, employees and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention or deductible provisions.

C. Each insurance policy shall be endorsed to state that coverage shall not be reduced, non-renewed or canceled except after thirty (30) days prior written notice to City, shall be primary and not contributing to any other insurance or self-insurance maintained by City, and shall be endorsed to state that coverage maintained by City shall be excess to and shall not contribute to insurance or self-insurance maintained by Consultant. Consultant shall notify City in writing within five (5) days after any insurance has been voided by the insurer or cancelled by the insured.

D. If this coverage is written on a "claims made" basis, it must provide for an extended reporting period of not less than one hundred eighty (180) days, commencing on the date this Agreement expires or is terminated, unless Consultant guarantees that Consultant will provide to City evidence of uninterrupted, continuing coverage for a period of not less than three (3) years, commencing on the date this Agreement expires or is terminated.

E. Consultant shall require that all subconsultants or contractors that Consultant uses in the performance of these services maintain insurance in compliance with this Section unless otherwise agreed in writing by City's Risk Manager or designee.

F. Prior to the start of performance, Consultant shall deliver to City certificates of insurance and the endorsements for approval as to sufficiency and form. In addition, Consultant shall, within thirty (30) days prior to expiration of the insurance, furnish to City certificates of insurance and endorsements evidencing renewal of the insurance. City reserves the right to require complete

1 certified copies of all policies of Consultant and Consultant's subconsultants and
2 contractors, at any time. Consultant shall make available to City's Risk Manager
3 or designee all books, records and other information relating to this insurance,
4 during normal business hours.

5 G. Any modification or waiver of these insurance requirements
6 shall only be made with the approval of City's Risk Manager or designee. Not
7 more frequently than once a year, City's Risk Manager or designee may require
8 that Consultant, Consultant's subconsultants and contractors change the amount,
9 scope or types of coverages required in this Section if, in his or her sole opinion,
10 the amount, scope or types of coverages are not adequate.

11 H. The procuring or existence of insurance shall not be
12 construed or deemed as a limitation on liability relating to Consultant's
13 performance or as full performance of or compliance with the indemnification
14 provisions of this Agreement.

15 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement
16 contemplates the personal services of Consultant and Consultant's employees, and the
17 parties acknowledge that a substantial inducement to City for entering this Agreement
18 was and is the professional reputation and competence of Consultant and Consultant's
19 employees. Consultant shall not assign its rights or delegate its duties under this
20 Agreement, or any interest in this Agreement, or any portion of it, without the prior
21 approval of City, except that Consultant may with the prior approval of the City Manager
22 of City, assign any moneys due or to become due Consultant under this Agreement. Any
23 attempted assignment or delegation shall be void, and any assignee or delegate shall
24 acquire no right or interest by reason of an attempted assignment or delegation.
25 Furthermore, Consultant shall not subcontract any portion of its performance without the
26 prior approval of the City Manager or designee, or substitute an approved subconsultant
27 or contractor without approval prior to the substitution. Nothing stated in this Section
28 shall prevent Consultant from employing as many employees as Consultant deems

1 necessary for performance of this Agreement.

2 7. CONFLICT OF INTEREST. Consultant, by executing this
3 Agreement, certifies that, at the time Consultant executes this Agreement and for its
4 duration, Consultant does not and will not perform services for any other client which
5 would create a conflict, whether monetary or otherwise, as between the interests of City
6 and the interests of that other client. And, Consultant shall obtain similar certifications
7 from Consultant's employees, subconsultants and contractors.

8 8. MATERIALS. Consultant shall furnish all labor and supervision,
9 supplies, materials, tools, machinery, equipment, appliances, transportation and services
10 necessary to or used in the performance of Consultant's obligations under this
11 Agreement, except as stated in Exhibit "D".

12 9. OWNERSHIP OF DATA. All materials, information and data
13 prepared, developed or assembled by Consultant or furnished to Consultant in
14 connection with this Agreement, including but not limited to documents, estimates,
15 calculations, studies, maps, graphs, charts, computer disks, computer source
16 documentation, samples, models, reports, summaries, drawings, designs, notes, plans,
17 information, material and memorandum ("Data") shall be the exclusive property of City.
18 Data shall be given to City, and City shall have the unrestricted right to use and disclose
19 the Data in any manner and for any purpose without payment of further compensation to
20 Consultant. Copies of Data may be retained by Consultant but Consultant warrants that
21 Data shall not be made available to any person or entity for use without the prior approval
22 of City. This warranty shall survive termination of this Agreement for five (5) years.

23 10. MONTHLY RECONCILIATION OF PAYMENTS; POSTING OF
24 TRANSACTIONS AND ADJUSTMENTS. At a minimum, Consultant will provide monthly
25 reconciliation reports for all payments and adjustments received during the reported
26 calendar month, clearly demonstrating payments and adjustments to the City's
27 satisfaction. These reports will be in accordance with customary accounting practices
28 and will include a monthly aging report and a monthly recapitulation of payments.

1 Transactions are to be posted in the month in which the payment or adjustment occurred,
2 regardless of when the payment or adjustment was received by Consultant or the City.
3 Payments and adjustments received by the City and transferred to Consultant must be
4 posted within twenty-four hours from receipt by Consultant.

5 11. TERMINATION. Either party shall have the right to terminate this
6 Agreement for any reason or no reason at any time by giving fifteen (15) calendar days
7 prior notice to the other party. In the event of termination under this Section, City shall
8 pay Consultant for services satisfactorily performed and costs incurred up to the effective
9 date of termination for which Consultant has not been previously paid. The procedures
10 for payment in Section 1.B. with regard to invoices shall apply. On the effective date of
11 termination, Consultant shall deliver to City all Data developed or accumulated in the
12 performance of this Agreement, whether in draft or final form, or in process. And,
13 Consultant acknowledges and agrees that City's obligation to make final payment is
14 conditioned on Consultant's delivery of the Data to City.

15 12. CONFIDENTIALITY. Consultant shall keep all Data confidential and
16 shall not disclose the Data or use the Data directly or indirectly, other than in the course
17 of performing its services, during the term of this Agreement and for five (5) years
18 following expiration or termination of this Agreement. In addition, Consultant shall keep
19 confidential all information, whether written, oral or visual, obtained by any means
20 whatsoever in the course of performing its services for the same period of time.
21 Consultant shall not disclose any or all of the Data to any third party, or use it for
22 Consultant's own benefit or the benefit of others except for the purpose of this
23 Agreement.

24 13. BREACH OF CONFIDENTIALITY. Consultant shall not be liable for
25 a breach of confidentiality with respect to Data that: (a) Consultant demonstrates
26 Consultant knew prior to the time City disclosed it; or (b) is or becomes publicly available
27 without breach of this Agreement by Consultant; or (c) a third party who has a right to
28 disclose does so to Consultant without restrictions on further disclosure; or (d) must be

1 disclosed pursuant to subpoena or court order.

2 14. ADDITIONAL COSTS AND REDESIGN.

3 A. Any costs incurred by City due to Consultant's failure to meet
4 the standards required by the scope of work or Consultant's failure to perform fully
5 the tasks described in the scope of work which, in either case, causes City to
6 request that Consultant perform again all or part of the Scope of Work shall be at
7 the sole cost of Consultant and City shall not pay any additional compensation to
8 Consultant for its re-performance.

9 B. If the Project involves construction and the scope of work
10 requires Consultant to prepare plans and specifications with an estimate of the
11 cost of construction, then Consultant may be required to modify the plans and
12 specifications, any construction documents relating to the plans and specifications,
13 and Consultant's estimate, at no cost to City, when the lowest bid for construction
14 received by City exceeds by more than ten percent (10%) Consultant's estimate.
15 This modification shall be submitted in a timely fashion to allow City to receive new
16 bids within four (4) months after the date on which the original plans and
17 specifications were submitted by Consultant.

18 15. AMENDMENT. This Agreement, including all Exhibits, shall not be
19 amended, nor any provision or breach waived, except in writing signed by the parties
20 which expressly refers to this Agreement.

21 16. LAW. This Agreement shall be governed by and construed pursuant
22 to the laws of the State of California (except those provisions of California law pertaining
23 to conflicts of laws). Consultant shall comply with all laws, ordinances, rules and
24 regulations of and obtain all permits, licenses and certificates required by all federal, state
25 and local governmental authorities, including execution of the Business Associate
26 Agreement in compliance with the Health Insurance Portability and Accountability Act of
27 1996 (HIPAA) attached hereto as Exhibit "E" and incorporated herein by this reference.

28 17. ENTIRE AGREEMENT. This Agreement, including all Exhibits,

1 constitutes the entire understanding between the parties and supersedes all other
2 agreements, oral or written, with respect to the subject matter in this Agreement.

3 18. INDEMNITY.

4 A. Consultant shall indemnify, protect and hold harmless City, its
5 Boards, Commissions, and their officials, employees and agents ("Indemnified
6 Parties"), from and against any and all liability, claims, demands, damage, loss,
7 obligations, causes of action, proceedings, awards, fines, judgments, penalties,
8 costs and expenses, including attorneys' fees, court costs, expert and witness
9 fees, and other costs and fees of litigation, arising or alleged to have arisen, in
10 whole or in part, out of or in connection with (1) Consultant's breach or failure to
11 comply with any of its obligations contained in this Agreement, or (2) negligent or
12 willful acts, errors, omissions or misrepresentations committed by Consultant, its
13 officers, employees, agents, subcontractors, or anyone under Consultant's control,
14 in the performance of work or services under this Agreement (collectively "Claims"
15 or individually "Claim").

16 B. In addition to Consultant's duty to indemnify, Consultant shall
17 have a separate and wholly independent duty to defend Indemnified Parties at
18 Consultant's expense by legal counsel approved by City, from and against all
19 Claims, and shall continue this defense until the Claims are resolved, whether by
20 settlement, judgment or otherwise. No finding or judgment of negligence, fault,
21 breach, or the like on the part of Consultant shall be required for the duty to defend
22 to arise. City shall notify Consultant of any Claim, shall tender the defense of the
23 Claim to Consultant, and shall assist Consultant, as may be reasonably requested,
24 in the defense.

25 C. If a court of competent jurisdiction determines that a Claim
26 was caused by the sole negligence or willful misconduct of Indemnified Parties,
27 Consultant's costs of defense and indemnity shall be (1) reimbursed in full if the
28 court determines sole negligence by the Indemnified Parties, or (2) reduced by the

1 percentage of willful misconduct attributed by the court to the Indemnified Parties.

2 D. The provisions of this Section shall survive the expiration or
3 termination of this Agreement.

4 19. AMBIGUITY. In the event of any conflict or ambiguity between this
5 Agreement and any Exhibit, the provisions of this Agreement shall govern.

6 20. COSTS. If there is any legal proceeding between the parties to
7 enforce or interpret this Agreement or to protect or establish any rights or remedies under
8 it, the prevailing party shall be entitled to its costs, including reasonable attorneys' fees.

9 21. NONDISCRIMINATION.

10 A. In connection with performance of this Agreement and subject
11 to applicable rules and regulations, Consultant shall not discriminate against any
12 employee or applicant for employment because of race, religion, national origin,
13 color, age, sex, sexual orientation, gender identity, AIDS, HIV status, handicap or
14 disability. Consultant shall ensure that applicants are employed, and that
15 employees are treated during their employment, without regard to these bases.
16 These actions shall include, but not be limited to, the following: employment,
17 upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or
18 termination; rates of pay or other forms of compensation; and selection for training,
19 including apprenticeship.

20 B. It is the policy of City to encourage the participation of
21 Disadvantaged, Minority and Women-Owned Business Enterprises in City's
22 procurement process, and Consultant agrees to use its best efforts to carry out
23 this policy in its use of subconsultants and contractors to the fullest extent
24 consistent with the efficient performance of this Agreement. Consultant may rely
25 on written representations by subconsultants and contractors regarding their
26 status. Consultant shall report to City in May and in December or, in the case of
27 short-term agreements, prior to invoicing for final payment, the names of all
28 subconsultants and contractors hired by Consultant for this Project and information

1 on whether or not they are a Disadvantaged, Minority or Women-Owned Business
2 Enterprise, as defined in Section 8 of the Small Business Act (15 U.S.C. Sec.
3 637).

4 22. EQUAL BENEFITS ORDINANCE. Unless otherwise exempted in
5 accordance with the provisions of the Ordinance, this Agreement is subject to the
6 applicable provisions of the Equal Benefits Ordinance (EBO), section 2.73 et seq. of the
7 Long Beach Municipal Code, as amended from time to time.

8 A. During the performance of this Agreement, the Consultant
9 certifies and represents that the Consultant will comply with the EBO. The
10 Consultant agrees to post the following statement in conspicuous places at its
11 place of business available to employees and applicants for employment:

12 "During the performance of a contract with the City of Long Beach,
13 the Consultant will provide equal benefits to employees with spouses and its
14 employees with domestic partners. Additional information about the City of
15 Long Beach's Equal Benefits Ordinance may be obtained from the City of
16 Long Beach Business Services Division at 562-570-6200."

17 B. The failure of the Consultant to comply with the EBO will be
18 deemed to be a material breach of the Agreement by the City.

19 C. If the Consultant fails to comply with the EBO, the City may
20 cancel, terminate or suspend the Agreement, in whole or in part, and monies due
21 or to become due under the Agreement may be retained by the City. The City
22 may also pursue any and all other remedies at law or in equity for any breach.

23 D. Failure to comply with the EBO may be used as evidence
24 against the Consultant in actions taken pursuant to the provisions of Long Beach
25 Municipal Code 2.93 et seq., Contractor Responsibility.

26 E. If the City determines that the Consultant has set up or used
27 its contracting entity for the purpose of evading the intent of the EBO, the City may
28 terminate the Agreement on behalf of the City. Violation of this provision may be

1 used as evidence against the Consultant in actions taken pursuant to the
2 provisions of Long Beach Municipal Code Section 2.93 et seq., Contractor
3 Responsibility.

4 23. NOTICES. Any notice or approval required by this Agreement shall
5 be in writing and personally delivered or deposited in the U.S. Postal Service, first class,
6 postage prepaid, addressed to

7 Consultant: NCO Financial Systems, Inc.

8 Joshua Gindin, EVP & General Counsel

9 507 Prudential Road

10 Horsham, PA 19044

11 City: 333 West Ocean Boulevard

12 Long Beach, California 90802

13 Attn: City Manager (cc to City Engineer)

14 Notice of change of address shall be given in the same manner as stated
15 for other notices. Notice shall be deemed given on the date deposited in the mail or on
16 the date personal delivery is made, whichever occurs first.

17 24. COPYRIGHTS AND PATENT RIGHTS.

18 A. Consultant shall place the following copyright protection on all
19 Data: © City of Long Beach, California _____, inserting the appropriate year.

20 B. City reserves the exclusive right to seek and obtain a patent
21 or copyright registration on any Data or other result arising from Consultant's
22 performance of this Agreement. By executing this Agreement, Consultant assigns
23 any ownership interest Consultant may have in the Data to City.

24 C. Consultant warrants that the Data does not violate or infringe
25 any patent, copyright, trade secret or other proprietary right of any other party.
26 Consultant agrees to and shall protect, defend, indemnify and hold City, its officials
27 and employees harmless from any and all claims, demands, damages, loss,
28 liability, causes of action, costs or expenses (including reasonable attorney's fees)

1 whether or not reduced to judgment, arising from any breach or alleged breach of
2 this warranty.

3 25. COVENANT AGAINST CONTINGENT FEES. Consultant warrants
4 that Consultant has not employed or retained any entity or person to solicit or obtain this
5 Agreement and that Consultant has not paid or agreed to pay any entity or person any
6 fee, commission or other monies based on or from the award of this Agreement. If
7 Consultant breaches this warranty, City shall have the right to terminate this Agreement
8 immediately notwithstanding the provisions of Section 10 or, in its discretion, to deduct
9 from payments due under this Agreement or otherwise recover the full amount of the fee,
10 commission or other monies.

11 26. WAIVER. The acceptance of any services or the payment of any
12 money by City shall not operate as a waiver of any provision of this Agreement or of any
13 right to damages or indemnity stated in this Agreement. The waiver of any breach of this
14 Agreement shall not constitute a waiver of any other or subsequent breach of this
15 Agreement.

16 27. CONTINUATION. Termination or expiration of this Agreement shall
17 not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11,
18 17, 19, 22 and 28 prior to termination or expiration of this Agreement.

19 28. TAX REPORTING. As required by federal and state law, City is
20 obligated to and will report the payment of compensation to Consultant on Form 1099-
21 Misc. Consultant shall be solely responsible for payment of all federal and state taxes
22 resulting from payments under this Agreement. Consultant shall submit Consultant's
23 Employer Identification Number (EIN), or Consultant's Social Security Number if
24 Consultant does not have an EIN, in writing to City's Accounts Payable, Department of
25 Financial Management. Consultant acknowledges and agrees that City has no obligation
26 to pay Consultant until Consultant provides one of these numbers.

27 29. ADVERTISING. Consultant shall not use the name of City, its
28 officials or employees in any advertising or solicitation for business or as a reference,

1 without the prior approval of the City Manager or designee.

2 30. AUDIT. City shall have the right at all reasonable times upon
3 reasonable advance written notice during the term of this Agreement and for a period of
4 five (5) years after termination or expiration of this Agreement to examine, audit, inspect,
5 review, extract information from and copy all books, records, accounts and other
6 documents of Consultant relating to this Agreement.

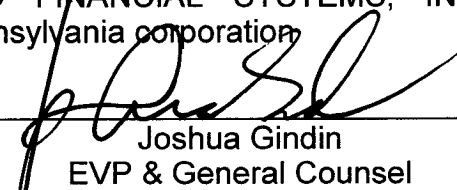
7 31. THIRD PARTY BENEFICIARY. This Agreement is not intended or
8 designed to or entered for the purpose of creating any benefit or right for any person or
9 entity of any kind that is not a party to this Agreement.

10 IN WITNESS WHEREOF, the parties have caused this document to be duly
11 executed with all formalities required by law as of the date first stated above.

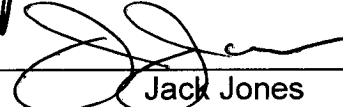
OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

12
13
14 February 21, 2012

NCO FINANCIAL SYSTEMS, INC., a
Pennsylvania corporation

By 
Joshua Gindin
EVP & General Counsel

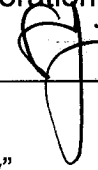
15
16 February 21, 2012

By 
Jack Jones
Chief Operations Officer

"Consultant"

17
18
19
20
21 3.14, 2012

CITY OF LONG BEACH, a municipal
corporation

By 
Assistant City Manager
City Manager

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

"City"

22
23
24 This Agreement is approved as to form on Feb 23, 2012.

25 ROBERT E. SHANNON, City Attorney


26 By 
27 Deputy
28

EXHIBIT "A"

Scope of Work

6. PROJECT SPECIFICATIONS

The services to be delivered by the selected vendor shall include, but not be limited to the following.

6.1 GENERAL REQUIREMENTS

6.1.1 The vendor shall have a minimum of five (5) years collection agency experience in the State of California in collection of delinquent accounts representing numerous lines of business including: utilities (gas, water, refuse, and sewer charges); ambulance transports; false alarms; police booking fees; business licenses; marina fees; returned checks; city taxes; property damage claims; and various permits and charges.

NCO has more than 39 years of experience serving government entities of all sizes, from state governments to local municipalities to departments of the federal government. We recognize that government entities have high-performance standards based upon multiple factors: recovery rates, the ability to protect customer identity, information security, and professional interaction with the customer at all times. Failure in any one of these areas is simply not acceptable. Our standard is to exceed the City's expectations.

NCO Government Services is solely dedicated to partnering with and meeting the needs of public sector clients like the City's. As one of the largest collectors of public sector receivables in the nation, NCO provides customized solutions to our clients in the government sector, including federal, state, and local government bodies. With a dedicated government services staff of highly trained employees, NCO has the facilities, personnel, technological resources, and management expertise to implement best-in-class collections programs for the City.

Over the last four decades, our strong presence in this market is due to relationships NCO has fostered with many public sector clients. Collectively, NCO has collected approximately \$1.5 billion in taxes alone over the last five years.

As demonstrated by the client listing on the following pages, NCO's experience providing collection services for government clients is extensive.

State Government Agencies Served by NCO	Type(s) of Debt Collected by NCO			
	Personal Income Tax	Business Tax	Court-Ordered Debts	Other Debt Types
California Department of Transportation				✓
California Department of Revenue	✓	✓		
Delaware Division of Revenue	✓	✓		
Florida Department of Revenue		✓		
Georgia Department of Banking and Finance				✓
Georgia State Road and Tollway Authority				✓
Illinois Department of Revenue	✓	✓		✓
Illinois State Toll Highway Authority (Tollway)				✓
Indiana Department of Revenue	✓	✓		
Iowa Department of Revenue	✓	✓	✓	✓
Kansas Attorney General			✓	
Kansas Department of Revenue	✓	✓		
Maine Revenue Services	✓	✓		
Maryland Centralized Collection Unit				✓
Maryland Department of Revenue	✓			
Massachusetts Comptroller's Office				✓
Missouri Department of Revenue	✓	✓	✓	✓
Missouri Department of Revenue	✓	✓		
Montana Department of Revenue	✓			
Oklahoma Tax Commission	✓	✓		
Oregon Department of Administrative Services				✓
Oregon Judicial Department (serving 26 Districts and 37 Courts)			✓	
Rhode Island Department of Revenue				✓
South Carolina Department of Revenue	✓	✓		

The City of Long Beach

State Government Agencies Served by NCO	Type(s) of Debt Collected by NCO			
	Personal Income Tax	Business Tax	Court-Ordered Debts	Other Debt Types
Texas Department of Finance and Administration				✓
Texas Comptroller's Office		✓		
Texas Department of Transportation				✓
Utah Department of Revenue	✓	✓		
Utah Office of State Debt Collection			✓	✓
Virginia Commonwealth of				✓
West Virginia Department of Administration				✓
Wisconsin Department of Revenue	✓	✓		

County and Municipal Government Agencies Served by NCO	Type(s) of Debt Collected by NCO			
	Personal Income Tax	Business Tax	Court-Ordered Debts	Other Debt Types, including Healthcare
Arizona Superior Court - Administrative Office of the Courts (Statewide Court Contact)			✓	
City of Boulder Municipal Court, NV			✓	
Brevard County Clerk of Courts, FL			✓	
Backus County Clerk of Courts			✓	
City of Chicago, IL		✓	✓	✓

County and Municipal Government Agencies Served by NCO	Types of Debt Collected by NCO			
	Personal Income Tax	Business Tax	Court-Ordered Debts	Other Debt Types, including Healthcare
City of County Justice Courts, NY (serving 3 County Justice Courts), including: Las Vegas Justice Court, Henderson Justice Court, North Las Vegas Justice Court, Boulder City Justice Court, Boulder Valley Justice Court, Mesquite Justice Court, Searchlight Justice Court, and Searchlight Justice Court			✓	
Colorado Judicial Branch (serving 12 County Courts)			✓	✓
City of Henderson, NV				✓
City of Henderson Municipal Court, NV			✓	
Humboldt County, CA			✓	✓
Kane County Municipal Courts, IL			✓	
City of Jacksonville, FL				✓
City of Las Cruces, NM			✓	✓
City of Las Vegas Municipal Courts, NV			✓	
City of Long Beach, CA				✓
City of Los Angeles, CA		✓		✓
City of Mesa Municipal Courts, AZ			✓	
City of Minneapolis, MN				✓
Multnomah County, OR			✓	
City of New York, NY			✓	✓
City of Oakland Park, FL				✓
City of Philadelphia, PA				✓
City of Salt Lake Justice Court, UT			✓	✓
City of Seattle, WA				✓
City of San Francisco, CA		✓	✓	✓
City of Tacoma Municipal Courts, WA			✓	✓

County and Municipal Government Agencies Served by NCO	Types of Debt Collected by NCO			
	Personal Income Tax	Business Tax	Court-Ordered Debts	Other Debt Types including Healthcare
City of Long Beach, CA			✓	
Clark County, District Court & Juvenile Division, WA			✓	✓
Clark County, Department of Finance			✓	✓
Clark County, Toll Bridge				✓
Hartford, CT			✓	
Polk County, OR			✓	
Sacramento Municipal Utility District I				✓
Sacramento Municipal Utility District II				✓
San Antonio Water Systems				✓
Kingston County, WA				✓
City of Toledo, OH				✓
City of Tustin, CA				✓
Wayne County, OH			✓	

Federal Government Clients	
U.S. Department of Education	U.S. Department of Veterans Administration
U.S. Army / Air Force City Service	U.S. Department of Health and Human Services* <i>*NCO serves as a subcontractor, providing collection services to HHS on this contract.</i>

Companywide, NCO's gross volume for the last four years for collections is indicated in the following table.

Total Volume, Company-Wide				
Category	2008	2007	2006	2005
Total Volume	\$69,044,227,873	\$69,944,854,233	\$40,965,294,852	\$35,023,856,790
Total Accounts Filed	68,029,366	79,393,248	69,603,981	56,174,997

The following table represents gross volume of NCO's government clients for the last four years.

Total Volume, Government Collections				
Category	2008	2007	2006	2005
Total Volume	\$2,606,394,610	\$1,159,342,264	\$1,178,270,136	\$569,045,192
Total Accounts Filed	5,607,751	986,259	821,719	527,381

6.1.2 The collection fee paid by the debtor to the vendor for collection services shall be based on a percentage (whole number) of the amount collected from the delinquent accounts assigned to the vendor. This allows the City to receive the full amount of the delinquent account when paid.

NCO acknowledges, understands, and agrees to comply, as required; NCO's pricing for the City of Long Beach will be based on a percentage of the amount collected.

6.1.3 The vendor is responsible for all costs incurred by the vendor under the Contract. All such costs, direct and indirect, for any and all expenses involved in the collection processes are deemed to be included in vendor's fee.

NCO acknowledges, understands, and agrees to comply. Our fees do not hold any hidden costs, nor will we charge the City for services we believe are essential to successfully servicing your accounts.

As a result, the following services are included in our proposed price:

- Scrubbing addresses for updated information prior to sending collection letters to avoid mail returns and delivery of our letters
- Bankruptcy identification prior to listing for collections and processing of those accounts that file bankruptcy after the account has been placed for collections

- Skip tracing for new location information including telephone and address
- Collection letters
- Collection calls both manual and through a automated dialer
- Credit bureau reporting
- Reports on accounts placed for collection including status, remittance, and performance analysis
- Award winning in-house training
- Web-based account access for clients to view their accounts

6.1.4 It is at the City's sole discretion, which, if any, accounts shall be assigned to the vendor

NCO acknowledges and understands.

6.1.5 The vendor shall generate and mail all notices to the debtor. The City must approve the wording and form of any and all notices sent by the vendor to the debtor.

NCO acknowledges, understands, and agrees to comply.

6.1.6 At a minimum, this notification must provide the debtor with contact information for the vendor, the basis for their debt with the City, when the debt to the City was incurred, the amount of the debt to the City, and provide for a safe and secure method of making payment.

NCO acknowledges, understands, and agrees to comply.

6.1.7 The vendor shall report all uncollected accounts to the three (3) major credit bureaus: Equifax, Experian and Transunion.

NCO acknowledges, understands, and agrees to comply.

6.1.8 Any delinquent account that has been referred to the vendor must be cancelled and returned to the City within three (3) years after the referred date. These accounts must be closed within three (3) days and returned to the City each month. However, the time may be extended, at the City's option, and must be approved in writing.

NCO acknowledges, understands, and agrees to comply.

6.1.9 The vendor must have the ability to accept online payments via their own Internet website.

NCO acknowledges, understands, and agrees to comply. Please see our information below regarding our online payment processing.

NCO's Online Account Management site offers consumers an easy way to manage and pay their debt anytime, anywhere. Centralizing key details like payment history, balance information, and the

consumers' contact information on our secure site streamlines the payment process and accelerates cash flow.

Offering online payment options:

- Enhances customer service
- Strengthens customer relationships
- Reduces operating costs
- Improves overall operating efficiency

All Internet-based transactions are protected through standard IP blocking, SSL Internet security standard protocol, 128-bit data encryption, and NCO's robust firewall.

Log In

Letters to the consumers direct them to our payment site <http://www.ncofinancial.com>. On the login page, the consumer is prompted to enter the unique access code printed on their letter, and to verify information such as their Social Security Number and home phone. Returning consumers can access their account data using the Login ID and password they selected when they first created their online account.

Review Account Information

The Account Information screen displays all relevant account information at a glance. Here the consumer can navigate the multiple features available, with links to password management, payment history, profile details, and the Make a Payment screen.

Make a Payment

To make a payment, the consumer clicks on the Make a Payment tab on the Account Information screen. The consumer enters the amount and method of payment, such as automatic bank draft or credit card with the corresponding information. A confirmation screen requires the consumer to verify the transaction details, and after the payment is authenticated, a Receipt of Payment screen appears, confirming that the payment was received. Payments are processed within one business day, and a history of the payments received is displayed on the main Account Information screen.

The City of Long Beach

6.2 COLLECTION ACTIVITIES

6.2.1 Upon receipt of account information from the City, the vendor shall submit written acknowledgement to the City verifying the account information was received and found adequate for collection purposes.

NCO acknowledges, understands, and agrees to comply.

6.2.2 Within fifteen (15) calendar days of receipt of account information from the City, the vendor shall have initiated contact with the debtor.

NCO acknowledges, understands, and agrees to comply.

6.2.3 The vendor shall respond to all debtors' requests for debt, account or collection information in an appropriate and timely manner that is conducive to the development of a non-detrimental relationship and expedient collection of a debt.

NCO acknowledges, understands, and agrees to comply.

6.2.4 If the information the vendor has is inadequate to respond to the debtor's inquiry, the City shall provide, when available, additional pertinent information and copies of additional documentation necessary to the vendor to adequately respond to debtors' requests.

NCO acknowledges and understands.

6.2.5 By month end, if an account's termination through payment of the outstanding debt or other agreed upon sums, the vendor shall turn over to the City a copy of all files, documents, correspondence, papers etc applicable to the City's Contract and required herein regarding that account, together with a copy of all relevant information applicable to the account.

NCO acknowledges, understands, and agrees to comply.

6.2.6 The vendor shall allow debtors to make payment arrangements and shall inform debtors of their willingness to establish time payment arrangements by affixing a notification of such in a visible and prominent place on all collection notices.

NCO acknowledges, understands, and agrees to comply.

6.2.7 The vendor shall not have the authority to accept a reduced, compromise settlement from a debtor on any account without the expressed written consent of the City Attorney and/or the Finance Director or designee(s).

NCO acknowledges, understands, and agrees to comply.

The City of Long Beach

6.2.8 The City may accomplish written consent by establishing parameters under which the vendor may accept a settlement from a debtor without seeking individual permission from the City.

NCO acknowledges and understands.

6.2.9 The vendor shall not have the authority to add fees or interest to a debtor's account without the expressed written consent of the Finance Director or designee(s).

NCO acknowledges, understands, and agrees to comply.

6.2.10 The vendor shall not have the authority to place delinquent accounts with an attorney or other entity for legal actions without the express written consent of the City's Finance Director and/or the City Attorney.

NCO acknowledges, understands, and agrees to comply.

6.2.11 Any and all contact or attempted contact with a debtor by the vendor shall be fully and adequately documented in writing.

NCO acknowledges, understands, and agrees to comply.

6.2.12 If the vendor is notified by the U. S. Postal Service that the correspondence is "undeliverable" for any reason whatsoever, the vendor shall make genuine efforts to obtain a valid address for the debtor and shall attempt re-delivery of the notification.

NCO acknowledges, understands, and agrees to comply.

6.2.13 The vendor shall conduct necessary skip tracing on delinquent accounts as is required to make contact with debtors and proceed with collection efforts.

NCO acknowledges, understands, and agrees to comply. Please review the following information regarding our skip tracing process.

Approach to Maximizing Collections

NCO's third-party collection program combines best practices with the use of cutting-edge technology to deliver the highest quality accounts receivable management services and maximum return for our clients. NCO is licensed and bonded in all states where required.

After an account is referred to NCO, we perform skip tracing and letter and telephone campaigns. We utilize a number of external data enhancement sources to obtain new or augmented demographic data on each debtor as needed.

The City of Long Beach

Our state-of-the-art collection process and partnership with Lexis Nexis enables us to locate and communicate with debtors who might otherwise be difficult to locate. All letters and telephone scripts are fully compliant with FDCPA regulations. NCO diligently pursues all accounts referred until an account is paid in full, determined to be uncollectible and/or the account is recalled by the client.

Philosophy & Methodology

NCO's philosophy has remained steadfast for eight decades: to improve our clients' profitability by increasing their cash flow, resolving their accounts, and improving their customers' experience. We leverage our highly skilled personnel, unsurpassed technology, state-of-the-art facilities, and breadth of experience to deliver services that exceed our clients' expectations.

NCO has worked with government municipalities for more than four decades. During this time, we have developed a clear understanding of the difficulties unique to collecting debt in the public sector. The City's citizens and customers expect to be treated fairly, ethically, and in accord with state and federal laws and regulations.

NCO recognizes the delicate balance that exists between serving your citizens and collecting your debt, and our techniques and our criteria have been perfected to maintain the proper balance between assertive and sensitive recovery techniques.

6.2.14 At no point in time shall the City incur any expenses whatsoever based upon skip tracing provided by the vendor or a contracted third party.

NCO acknowledges, understands, and agrees to comply.

6.2.15 The vendor shall make contact with debtors under the name of the collection agency only and "on behalf of" the City only.

NCO acknowledges, understands, and agrees to comply.

6.2.16 Under no circumstances shall the vendor nor any of its employees, staff, agents, representatives, subcontractors, shareholders, etc., represent themselves as agents of the City, officers or officials of the City, representatives of the City, employees of the City, etc., to any one for any purpose.

NCO acknowledges, understands, and agrees to comply.

6.2.17 The vendor, its employees, staff, agents, representatives, subcontractors, shareholders, etc, shall at all times conduct themselves in a lawful, civil and professional manner when pursuing the collection of debts on behalf of the City.

NCO acknowledges, understands, and agrees to comply.

6.2.18 The vendor shall perform collection activities on accounts referred to their agency by the City's Finance Director or designee(s) only, and shall not release any information regarding collection activities or efforts to any unauthorized City personnel or third parties.

NCO acknowledges, understands, and agrees to comply.

6.2.19 The vendor shall establish and maintain a fully functional account database for the City that tracks each delinquency submitted to the vendor and details the collection activities and efforts put forth by the vendor. At a minimum, this database must include the following information on each account submitted by the City:

NCO acknowledges, understands, and agrees to comply.

6.2.19.1 Date the City submitted the delinquency to the vendor

6.2.19.2 Debtor's contact information (name, address, telephone (home and or cell phone), e-mail address, and place of employment, etc.)

6.2.19.3 Date debtor's contact information was verified or updated by vendor

6.2.19.4 Amount of original indebtedness

6.2.19.5 Basis for indebtedness

6.2.19.6 Date account recalled (if applicable)

6.2.19.7 Dates of contact with debtor

6.2.19.8 Methods of contact with debtor

6.2.19.9 Results of contact efforts with debtor

6.2.19.10 Transaction details (if any)

6.2.19.11 Payment arrangements (if any)

6.2.19.12 Charges applied to account (if applicable) and dates

6.2.19.13 Charges waived (if applicable) and dates

6.2.19.14 Details regarding other charges

6.2.19.15 Payments remitted by debtor to the vendor and applicable dates

6.2.19.16 Payments forwarded to the City and applicable dates

6.2.19.17 Current amount of indebtedness

6.2.19.18 Recommended follow-up actions and applicable dates

NCO acknowledges, understands, and agrees to comply.

6.2.20 The City reserves the right to amend, add or delete the information the vendor must maintain and track in the collection accounts database.

NCO acknowledges and understands.

6.2.21 The database and the information contained in the database shall be considered the property of the City, and a copy of the same shall be delivered to the City at the termination of the Contract with the vendor.

NCO acknowledges, understands, and agrees to comply.

The City of Long Beach

6.3 RECALLED ACCOUNTS

6.3.1 The City shall reserve the right to recall an account or reduce/amend the amount due on any account at any time.

NCO acknowledges and understands.

6.3.2 The City may recall an account from the vendor at the City's discretion and/or any of the following reasons:

6.3.2.1 The City has determined that an account has been referred to the agency in error.

6.3.2.2 The account is under protest.

6.3.2.3 The account is in litigation.

6.3.2.4 The account is under investigation for fraud.

NCO acknowledges and understands.

6.3.3 After the first notice of recall, the vendor must cease any and all collection activities on the account immediately.

NCO acknowledges, understands, and agrees to comply.

6.3.4 Notice of recall or reduction/amendment shall be given to the vendor by telephone or email from designated City personnel only.

NCO acknowledges and understands.

6.3.5 The vendor shall confirm receipt of notice to recall or reduction/amendment immediately in writing via email and return the account to the City within seven (7) days after receiving such notice and shall update the status on the monthly electronic file transfer(s).

NCO acknowledges, understands, and agrees to comply.

6.3.6 Recalled accounts shall not be subject to collection fees or collection charges of any kind or in any amount, nor shall the City incur any charges from the vendor as a result of a recalled account. The vendor shall have no right to any monies collected from the recalled amount.

NCO acknowledges, understands, and agrees to comply.

6.3.7 The City reserves the right to recall delinquent accounts already assigned, if a payment is received by the City prior to the vendor contacting the debtor. The amount collected will be deducted from the amount assigned and the vendor will not have the right to any fees.

NCO acknowledges and understands.

6.3.8 Once the account is recalled, the vendor should remove negative marking from credit bureaus (if any) immediately.

NCO acknowledges, understands, and agrees to comply.

6.4 CREDIT REPORTING AGENCIES

6.4.1 After working an account for a minimum of sixty (60) days and making a minimum of three (3) valid collection attempts, the vendor shall report all uncollected accounts to the three major credit bureaus: Equifax, Experian and Transunion.

NCO acknowledges, understands, and agrees to comply.

6.4.2 Any and all reporting must be accomplished in accordance with any and all applicable Federal and California laws including, but not limited to, the Fair Debt Collection Practices Act, Federal Equal Credit Opportunity Act, and the Consumer Credit Protection Act, as now in effect or hereafter amended. Selected Vendor must comply with the FACT Act (Fair and Accurate Credit Transactions Act of 2003), including adoption of an identity theft policy.

NCO acknowledges, understands, and agrees to comply.

6.4.3 The vendor is responsible for updating credit reporting agencies with up-to-date history including paid-in-full, charge-offs, partial payments, bad debts, or clearance of any derogatory listings as requested by the City in case of errors.

NCO acknowledges, understands, and agrees to comply.

6.4.4 If a debtor has made arrangements for time payments with the vendor and fails to provide payments as so arranged, the vendor shall be required to contact the debtor in an effort to restore the payment arrangements. If the payment arrangements are not restored, the account may be referred to the three major credit bureaus.

NCO acknowledges, understands, and agrees to comply.

6.4.5 At the City's discretion, the Finance Director or designee(s) shall have the right to exclude a type/category from this reporting requirement. Such exclusions shall be provided to the vendor in writing.

NCO acknowledges and understands.

6.4.6 If a negative report on an account has been placed with the three major credit bureaus and the outstanding balance is paid in full, the vendor must immediately cancel any and all negative reports generated on the account and submit copies of the cancellation requests to the City with the monthly reports.

NCO acknowledges, understands, and agrees to comply.

6.4.7 At the City's discretion, the Finance Director or designee(s) may request the immediate removal of any and all negative reports generated by the vendor to the three major credit bureaus.

NCO acknowledges, understands, and agrees to comply.

6.4.8 After submitting the report to the three major credit bureaus, the vendor shall return all uncollectible accounts to the City with a complete record of all efforts to collect and the reason(s) why the vendor deems the account uncollectible.

NCO acknowledges, understands, and agrees to comply.

6.4.9 Any delinquent account that has been referred to the vendor must be cancelled and returned to the City within three (3) years after the referred date. However, the time may be extended, at the City's option, and must be approved in writing.

NCO acknowledges, understands, and agrees to comply.

In addition, if a negative report on an account has been placed with the three major credit bureaus, the vendor must immediately cancel any and all negative reports generated on the account and submit copies of the cancellation requests to the City with the monthly reports.

NCO acknowledges, understands, and agrees to comply.

6.5 PAYMENT AND COLLECTION FEES

6.5.1 Any and all funds collected by the vendor on behalf of the City shall be placed in a dedicated escrow account until such a time as they are remitted to the City.

NCO acknowledges, understands, and agrees to comply.

6.5.2 Funds recovered by the vendor shall be wired to the City on a monthly basis with the appropriate monthly reports.

NCO acknowledges, understands, and agrees to comply.

6.5.3 Amounts paid directly to the City on accounts referred to the vendor will be reported to the vendor by electronic file transfer, listing amount paid to the City.

NCO acknowledges and understands.

6.5.4 The vendor will receive no collection fee with respect to checks returned without payment. The vendor will charge these items back to the debtor and must indicate this activity on a monthly status. If the vendor processes and collects the processing fee on the returned check, the processing fee shall be credited to the vendor and shall not be included in the collection fee.

NCO acknowledges, understands, and agrees to comply.

6.5.5 No collection fee will be due on payments made directly to the City more than three (3) years after the date of assigning the account to vendor or if recalled by the City, see Section 6.3 Recalled Accounts.

NCO acknowledges, understands, and agrees to comply.

6.5.6 Collection fees for reduced/amended accounts shall be based upon the reduced/amended balance only.

NCO acknowledges, understands, and agrees to comply.

6.5.7 If only a portion of the outstanding debt referred by the City is collected from the debtor, the vendor shall only add the agreed upon percentage from the actual amounts collected from the debtor.

NCO acknowledges, understands, and agrees to comply.

6.5.8 Under no circumstances shall the vendor's collection fee be chargeable to the City or the debtor in advance.

NCO acknowledges, understands, and agrees to comply.

6.5.9 Payment or reimbursement for any and all adjustments, charge backs or corrections shall be reported to the City separately, and requests for such must be submitted to the City in writing and must be accompanied by an explanation and supporting documentation.

NCO acknowledges, understands, and agrees to comply.

6.5.10 The funds submitted shall be to the satisfaction of the City and within the vendor's anticipated and expected collection rates as provided in response to this proposal.

NCO acknowledges, understands, and agrees to comply.

6.6 TECHNICAL REQUIREMENTS

6.6.1 The vendor must be able to accept, on a daily basis, payment information from the City through a secured server FTP file transfer process.

NCO is currently accepting payment information from the City on a daily basis through a secured server FTP file transfer process.

NCO currently supports a variety of data/file transfer mechanisms with the City's system requirements and protocols so there is no implementation time required by choosing NCO.

We regularly post results, reports, and files to FTP sites. There are a variety of other transfer mechanisms and protocols NCO also support (e-mail, BBS, fax, etc.). We also support direct connectivity via private networks between NCO and our clients. We maintain our own FTP site to transfer data over the Internet.

For security of data transmission, we have used a variety of methods including PGP, Connect Direct and VPN technology. NCO is willing to implement any required transfer protocol. NCO consistently delivers accurate, on-time data to our clients.

6.6.2 All transactions whether new placements or daily activity must be loaded by the vendor with all exceptions/rejections communicated to the City daily.

NCO acknowledges, understands, and agrees to comply.

6.6.3 The vendor must have the ability to send, on a monthly basis, a full accounting of every debtor account along with any and all associated monetary activity for the previous month. This file must include activity for each day of the previous month. This includes all three (3) year old accounts along with any returned accounts that were requested by the City during the previous month.

NCO acknowledges, understands, and agrees to comply. Please see Exhibit I for a sample of our reports.

6.6.4 The vendor must have the ability to accept from the City, on a monthly basis, new placement accounts.

NCO acknowledges, understands, and agrees to comply. NCO currently receives new placement accounts on a monthly basis.

The City of Long Beach

6.6.5 This file shall indicate:

6.6.5.1 Debtor last name, first name, middle initial, or company name of debtor in alphabetical order.

6.6.5.2 City account number, month and year of referral, remaining balance of debt.

6.6.5.3 Subtotals by account type/category of debt.

NCO acknowledges, understands, and agrees to comply.

6.6.6 The vendor must be able to accept a previously closed account number under a different debtor name.

NCO acknowledges, understands, and agrees to comply.

6.6.7 The City's Finance Director or designee(s) must be allowed access to debtor accounting information through an on-line terminal or the Internet, such that the Finance Director or designee(s) may view, send or receive messages, generate collection analysis reports or audit debtor files at anytime from a remote location.

NCO acknowledges, understands, and agrees to comply.

6.6.8 The vendor shall provide its own computer programs, written procedures and other supporting items necessary to provide collection services.

NCO acknowledges, understands, and agrees to comply.

6.6.9 The vendor shall also provide its own programming necessary to City electronic data with the City.

NCO acknowledges, understands, and agrees to comply.

6.6.10 The vendor must be in compliance with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule, which protect the privacy of individually identifiable health information.

NCO is in compliance with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule.

The Health Insurance Portability and Accountability Act ("HIPAA") of 1996 continues to be one of the most vital and challenging issues facing healthcare organizations today. NCO prepared for HIPAA by conducting an initial gap analysis of our workflows and processes, operating policies and procedures, and information technology platform. We engaged outside experts from Ernst & Young to work with us on this analysis, and on completion of the assessment we developed and implemented a strategic and tactical plan of action.

HIPAA Privacy and Security rules have had a great impact on NCO. These rules, while more stringent, are part of a pattern of legislation and government regulations that have influenced NCO's compliance practices over the last several years. In response, NCO is committed to protecting the privacy and security of all Protected Health Information and in maintaining information security and integrity with all HIPAA Transaction Standards, Code Sets, & Identifiers.

Compliance Through HIPAA Education

NCO Healthcare Services employees participate in a mandatory online training course designed by the Healthcare Financial Management Association (HFMA) and tailored to NCO's needs. Employees learn the HIPAA privacy, security, and TCI standards, and the business practices NCO uses to ensure full compliance with the standards. The online course takes approximately two hours to complete and testing measures the employees' understanding of the material. Mini-posters at each workstation summarize HIPAA best practices for ensuring data privacy and serve as a daily reminder of the need to protect healthcare information. NCO has trained around 2,500 employees to date in HIPAA practices.

Compliance Through Data Security and Privacy

NCO has implemented enhanced security at all facilities. NCO believes that HIPAA compliance sets a high standard for best practices that are applied across all of our business lines to ensure the protection and the confidentiality of our client data.

Individually Identifiable Health Information (IIHI) is Protected Health Information (PHI) under HIPAA. As a result, the information provided by NCO healthcare clients must be transmitted, stored, and used securely. NCO uses dedicated encrypted lines to transmit all healthcare data, and we engage an outside consulting firm on a regular basis to probe and test our network security.

To provide employees the opportunity to report policy or billing violations without fear of retribution, and to assist with the reporting and tracking of compliance concerns and the identification of possible unethical, illegal or questionable behavior, NCO has an ongoing contract with Compliance Concepts, Inc. (CCI) of Charlotte, North Carolina to provide toll-free hotline services seven days a week, 24 hours a day. Each call is documented for reporting and follow-up purposes. Callers to the hotline may choose to remain anonymous and are provided with a code number and call back date so they can call back and check on the resolution of the problem.

The status of all reported concerns is reviewed monthly at senior management meetings to resolve concerns quickly and appropriately, and to establish preventive controls to avoid a reoccurrence of the matter.

6.6.11 The City anticipates on utilizing a new utility billing system and parking citation billing system in the near future. The vendor must have the ability to interface with these new systems.

NCO will work with the City to ensure a smooth transition onto its new utility billing system. We will be able to assist the City with its conversion process and can accommodate any changes required by the new system. Our IT department will assist in sending and receiving test files from the City as needed.

If we have experience through other clients on your new system, we can provide assistance by sharing insight from those client interfaces. Overall, our goal is to participate early in the City's conversion process in order to make any changes to our interfaces and prevent any interruption of our services.

6.7 REPORTS

6.7.1 The vendor shall prepare and deliver the following reports to the City on a monthly basis in a "hard copy" and an electronic format They must include all days' transactions and they must match.

NCO acknowledges, understands, and agrees to comply. The following paragraphs further describe NCO's robust reporting capabilities:

Reporting

NCO provides detailed status and management reports documenting case activity and reporting program performance. We also provide close and return reports and accounts being litigated reports as necessary to communicate these circumstances to the City.

Our reporting capabilities not only maximize productivity, they enable NCO to assure the City that accounts will be worked according to agreed-upon standards.

NCO has the capability to produce almost an unlimited number of reports, including ad hoc reports to meet the City's needs and those listed in above of the RFP. Any of these reports can be provided in any time frame that is required by the City. NCO currently provides the City with various customized reports as agreed upon with the City.

The table on the next page provides brief descriptions of "standard" client reports. Please see Exhibit I for a sample of our standard reports. If required, we have the ability to create other reports/formats.

Report Name	Description
Client Inventory	Reports all accounts currently listed. This report can be generated monthly or quarterly and produced in alphabetic order by debtor name or numeric order by debtor number.
Payments Report/ Invoice	Indicates collection activity by name, debtor identification number, payment date, amount paid us, amount paid you, our commission amount, net due you, current balance, and any tax, if applicable. NCO can invoice our clients on either a bi-weekly or monthly basis. We will work with you to finalize an invoice process during contract negotiations. NCO can invoice in any format desired, including wire transfer, automated clearing house (ACH), electronic data interface (EDI), or electronic funds transfer (EFT) payment.

Report Name	Description
<p>Claims Acknowledgment Report</p>	<p>Acknowledges receipt of accounts and assures the client that all accounts placed with NCO were received, entered into our computer system, and are undergoing recovery activity. It contains data about each transferred case, including information identifying the debtor and the outstanding balance placed for collection. This report is printed at the time the accounts are entered into our computer system and can be produced in alphabetical order by debtor name or numeric order by debtor case number.</p>
<p>Close and Return Report</p>	<p>Indicates all closed accounts along with the reason for closing each case and can be produced in alphabetical order by debtor name or in numeric order by identification number. We have the ability to provide close and return information on magnetic tape, rather than hard copy, if this better meets client requirements.</p>
<p>Placement Month Analysis Report</p>	<p>Performance Analysis - Indicates recovery results and provides a complete performance review, monthly or year-to-date, and may include up to two years of data. We also have the ability to provide a Seven Year Placement Month Analysis Report that shows gross placements, deletions, and balance adjustments.</p>

6.7.2 The City reserves the right to amend, add or delete the information required from the vendor on any report.

NCO acknowledges and understands.

6.7.3 The City shall provide the vendor with a listing of all account types that shall be used to divide accounts for the purpose of tracking and reporting.

NCO acknowledges and understands.

6.7.4 Reports shall include:

- 6.7.4.1 Assignments:** month, year, number of assignments, type, and dollar amount.
- 6.7.4.2 Recalled Accounts:** month, year, number of recalls, type, and dollar amount.
- 6.7.4.3 Collections:** month, year, number of collections, type, and dollar amount.
- 6.7.4.4 Accounts Paid In Full:** month, year, number of accounts paid in full, type, and dollar amount.
- 6.7.4.5 Recovery Percentage:** month, year, number of accounts and amount paid in full per month by number assigned per month, by type.
- 6.7.4.6 Year-To-Date Summary:** totals by month listing all of the above.

NCO acknowledges, understands, and agrees to comply.

6.8 PERFORMANCE REVIEW AND AUDITS

6.8.1 The City shall have the right, exercisable directly or through its auditors, to examine and audit accounts referred and monies collected at any time and as often as the City may deem necessary.

NCO acknowledges, understands, and agrees to comply.

6.8.2 The vendor shall permit the City to audit, examine and make copies of such records, and to make audits of all invoices, materials and other data relating to all matters regarding the City or accounts assigned by the City.

NCO acknowledges, understands, and agrees to comply.

6.8.3 The vendor shall maintain at all times during the term of the Contract, accurate and complete records in support of all transactions affecting the assigned accounts or judgments in accordance with recognized generally acceptable accounting principles.

NCO acknowledges, understands, and agrees to comply.

6.8.4 The City reserves the right to evaluate the vendor's performance at selected intervals. In order to evaluate performance, the vendor shall demonstrate collection efforts for each assigned account on a monthly basis.

NCO acknowledges, understands, and agrees to comply.

6.8.5 Except as otherwise stated, all data, documents and materials produced by the vendor under this Contract shall be the property of the City, who shall retain the exclusive right to publish, disclose and otherwise use it, in whole or in part.

NCO acknowledges and understands.

6.8.6 Within thirty (30) calendar days of Contract termination with the City, the vendor shall return to the City all outstanding receivables, judgments, files, documents, correspondence, papers and databases applicable to the City's Contract and required herein regarding each account referred to the vendor. Including all relevant information concerning the status of each and every debtor and/or persons obligated thereon, the amounts of each type due and payments made or promised, and locations and information held by the vendor which could assist in locating such persons, together with all reports required as if all accounts had been recalled by the City. This obligation shall be carried out by the vendor at no additional cost to the City.

NCO acknowledges and understands.

6.9 REQUIRED PROPOSAL INFORMATION

Please provide the following information in your proposal.

6.9.1 Each vendor must include in their proposal response the detailed steps that they intend to take once an account is received from the City, including the number and types of contacts to be made and the procedures to be followed to initiate and continue affirmative and timely debt collections. Include the credit reporting process and steps for clearing a debtors' credit report.

Because NCO is the current contractor, there would be no transition from a previous vendor, if we are awarded the new contract. This will save the City substantial time and resources, compared to contracting a different collection agency, which would need months to implement and ramp up to full operations, including recruiting, hiring, assigning and training collectors and supervisors, setting up the required interfaces and reports, setting up the appropriate processes.

NCO will be able to continue operations immediately upon contract award, since we already have an experienced and trained team of collectors already in place, along with experienced management, IT personnel, an existing interface, the City's processes and procedures and team already in place, and reports already set up.

NCO would only need to implement any requirements which are new to this contract. However, NCO's solution will benefit the City through uninterrupted recoveries and revenue flow, which is especially important during these difficult economic times.

However, we have included our detailed implementation plan along with a summary of our collection process for your review.

Statement of Work

The following Statement of Work will apply to services performed from our contact center located in Rancho Cordova, CA, where we will collect on debt. NCO's process to collect on key elements and components of our work standards are identified in the table below.

Key Elements and Components of NCO Work Standards	
Client Setup	Types of receivables are segregated according to the client's guidelines
Collection Notices	All initial collection notices that are sent to debtors are subject to client approval
First Telephone Activity	Calling campaigns are initiated within two days of placement

Key Elements and Components of NCO Work Standards	
Left Messages	All "left messages" are scheduled for callbacks on a daily basis
Promises-to-Pay	All "promises-to-pay" are identified accordingly and scheduled for follow-up
Payment Arrangements	Accounts are moved to a central file once an acceptable payment arrangement is made and noted in the debtor's file
Follow-Up Telephone Activity	Accounts that were not able to be contacted through our initial efforts or received returned left message calls are continually contacted on a weekly basis until contacted
Remittance	Gross collections are remitted to the client on a regular schedule
Skip Tracing	Accounts are routed through our internal database and skip traced as needed thereafter for contact information
Credit Reporting	Accounts that aren't paid in full are reported to the National Credit Bureaus
Legal Action	Accounts that aren't paid in full are searched for attachable assets. Once assets are located the client is contacted to obtain permission to begin legal action to obtain monies through the City system

Approach to Maximizing Collections

NCO's third-party collection program combines best practices with the use of cutting-edge technology to deliver the highest quality accounts receivable management services and maximum return for our clients. NCO is licensed and bonded in all states where required.

After a case is referred to NCO, we perform skip tracing and letter and telephone campaigns. We utilize a number of external data enhancement sources to obtain new or augmented demographic data on each debtor as needed.

Our state-of-the-art collection process and partnership with Lexis Nexis enables us to locate and communicate with debtors who might otherwise be difficult to locate. All letters and telephone scripts are fully compliant with FDCPA regulations. NCO diligently pursues all accounts referred until a case is paid in full, determined to be uncollectible and/or the case is recalled by the client.

Philosophy & Methodology

NCO's philosophy has remained steadfast for eight decades: to improve our clients' profitability by increasing their cash flow, resolving their accounts, and improving their customers' experience. We

leverage our highly skilled personnel, unsurpassed technology, state-of-the-art facilities, and breadth of experience to deliver services that exceed our clients' expectations.

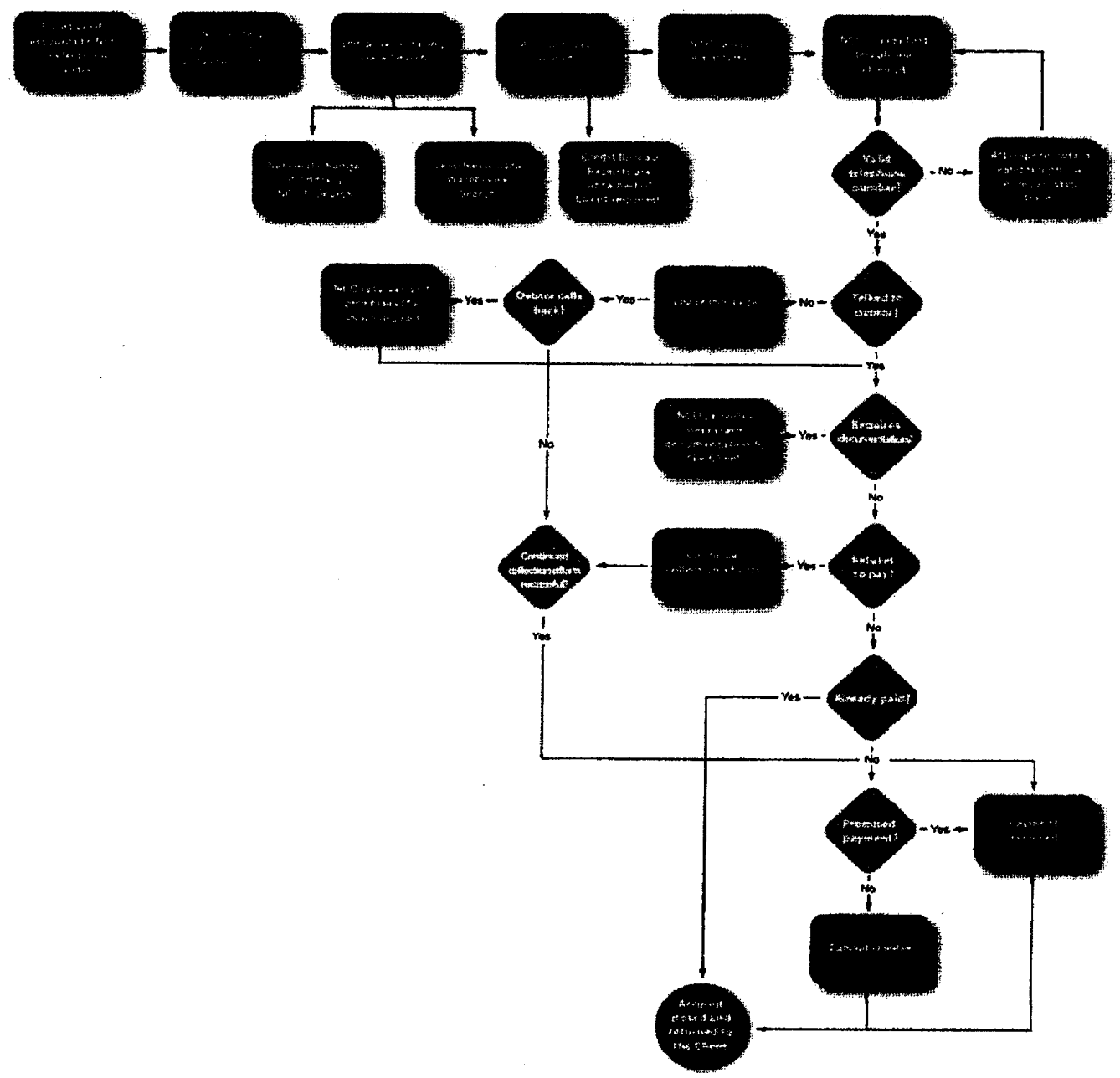
NCO has worked with government municipalities for more than four decades. During this time, we have developed a clear understanding of the difficulties unique to collecting debt in the public sector. The City's citizens and customers expect to be treated fairly, ethically, and in accord with state and federal laws and regulations.

NCO recognizes the delicate balance that exists between serving your citizens and collecting your debt, and our techniques and our criteria have been perfected to maintain the proper balance between assertive and sensitive recovery techniques.

NCO's Collection Process

The flow chart on the next page depicts our collection process. A detailed description of our collection process and procedures follows the flowchart.

Flow Chart of Proposed Collection Process



To ensure referred accounts are processed according to best practices and to the City's requirements, NCO establishes Account Resolution Standards (ARS) for each client program. ARS comprises our proposed work standards for telephone calls and collection letters as well as other services relative to the collection process as described in the following pages.

Step ONE: Scrubbing for Bankruptcy / Deceased and Skip Tracing

Skip Tracing

NCO uses various location methods and electronic databases to find current contact information for referred accounts having inaccurate addresses and telephone numbers. Upon placement, NCO processes all accounts to verify telephone and address information, segregating those accounts ready to be contacted from those requiring skip tracing. NCO searches its internal database to see whether information about the debtor exists among its 450 million records, and updates the demographics for those debtors as necessary.

All accounts with balances greater than \$200 are automatically referred to TransUnion to pull credit bureau reports. Files are returned to NCO within 48 hours with credit scores, trade lines, and updated telephone numbers and addresses. Debtors who are making timely payments or have open lines of credit are highlighted for the collectors. Scores provided assist us in prioritizing and intensifying our collection efforts on the accounts deemed most collectible. TransUnion also offers NCO event-based "Triggers," which will advise us within 24 hours of specific changes to the debtor's credit profile that we request TransUnion monitor for us. This is an extremely powerful skip trace and case prioritization tool.

Bankruptcy and Deceased

All new placements are routed through the LexisNexis Banko database. Banko provides comprehensive, accurate information on the latest bankruptcy case information. Their databases are updated daily with data sources directly from the City's. Bankruptcy records include the debtor's name, address, and social security number, as well as such information as case number and court chapter, date filed, discharged, dismissed, and converted. Information about attorneys, trustees, and judges is also available. LexisNexis also provides automated case monitoring for regular updates and case management to keep updated with the latest bankruptcy notifications to limit your legal exposure to stay violations.

New placements are also scrubbed through LexisNexis's multi-sourced deceased database. This provides NCO with extensive coverage from various sources to update our inventory of accounts within 24 hours of notification. This helps reduce complaints and assists in the probate process when warranted. All deceased debtor will be referred to the City for follow up and will include verification of the debtor date of death.

LexisNexis

After accounts are loaded on our collection system, collectors have direct access to interactive skip tracing tools. These tools are integrated with our system through an enterprise agreement with

The City of Long Beach

LexisNexis that permits unlimited access to these databases. These are our primary search tools because they provide effective and efficient find rates.

The LexisNexis database contains name, address, and telephone information for more than 170 million individuals and 10 million businesses, and access to information about virtually every household in the United States. Bankrupt and deceased debtors are identified in this search, as well as residency information and same last names. LexisNexis provides access to the U.S. Postal Service National Change of Address database, which updates our accounts to improve the hit rates of our initial mailings and to immediately notify us of known mail returns.

Using Accurint, a LexisNexis product, NCO attempts to locate debtor information, including aliases, addresses, relatives, associates, neighbors, property, assets, and more. Accurint uses a name, past address, phone number, or Social Security number to locate a current phone number and address. Address information dating back 30 years is readily accessible. Accurint dramatically improves our ability to find up-to-date contact information for skip accounts, which comprise about half of all accounts referred for collection.

LexisNexis provides directory assistance look up, reverse electronic directory assistance look up, as well as a multitude of address sources and demographics such as income ranges and home value ranges on both an individual and geographic level. It provides data surrounding the actual address of the debtor and others living at the same address and relatives up to three degrees of separation from the debtor.

LexisNexis also provides advanced data linking capabilities that allows NCO to rank in chronological order and weigh by source the data that is returned to ensure quality. The matching technology utilizes all data sources of reliable address and phone information to establish linkages between current, new, and historical information about a debtor's identity and location. Once a debtor has been uniquely identified, an internal identifier is assigned to that debtor and his or her historical records. Any new information matching that individual is linked together using this internal unique identifier.

LexisNexis, working with NCO, has developed an automated skip trace process that provides the unprecedented ability to monitor debtors as they change addresses and phone numbers. Within 24 hours of an address or phone number change, we have the updated information in our system. *No other collection agency offers this service.*

Step TWO: Case Segmentation

NCO has the ability to predict how likely a debtor is to pay a case through NCO's proprietary case scoring model. Using this model, accounts are scored and scrubbed to predict case payment probability with a high degree of accuracy. TransUnion provides credit reports identifying debtors who are making timely payments to other creditors; the report includes new addresses, telephone numbers, employment information, open trade lines, and available money sources. Our scoring models use the multiple character and behavior attributes stored in credit bureau reports to score

The City of Long Beach

portfolios. Pertinent information is extracted from the TransUnion reports and presented in an easy-to-use format.

Our segmentation model runs on a decision engine platform. The decision engine automatically segments accounts with the highest potential for collection.

NCO's decision engine tool stores all segmentation logic, and automates processes that our analysts were manually performing in the past. Once segmentation of client accounts is complete, NCO is able to be more productive. Segmentation models are used to pool accounts based upon expected liquidity. Predictive variables include credit bureau scores as well as demographic and case characteristics.

Please note that segmentation allows NCO to be more effective and efficient which quickly maximizes collections and the net return of monies to our clients. However, NCO works all accounts until collected in full, recalled by the client, or deemed uncollectible.

Step THREE: Collection Letters

Collection letters are an integral and effective component of the recovery process. NCO's collection letters are automatically generated by the collection system and mailed at preprogrammed intervals depending on the type of case and client requirements. Letters have payment coupons and window envelopes for remitting payments and facilitating automated mail extraction and payment posting. Please see Exhibit II for sample letters.

Initially NCO sends two letters to debtors. The first letter, mailed within 24 hours of placement, notifies debtors their case has been referred for collection. Debtors who have not resolved their accounts or contacted NCO in the first 30 days receive a second letter.

Additional letters may be sent during the course of collection efforts in response to various circumstances, such as: a check returned for non-sufficient funds; intent to deposit postdated checks; and payment plan setup, reminder, and broken promise.

NCO's corporate compliance department reviews the textual content of collection letters to ensure compliance with all applicable regulations. Customized letters are available upon request.

Step FOUR: Telephone Interaction

Frequent telephone interaction with debtors produces the best results for repayment. NCO attempts to contact debtors with valid telephone numbers within two days of case placement. NCO conducts calling campaigns in the mornings, afternoons, and evenings, and on weekends. Calling campaigns are complemented by NCO's letter series.

When contact with a debtor is made, the representatives informs the debtor that their case has been placed for collection, remind them of their obligation, ask for payment in full, or set up payment arrangements when payment-in-full is not possible. NCO has multilingual collectors to facilitate debtor communications.

The City of Long Beach

In every case, NCO's collection personnel are focused on finding a way to resolve debt obligations to the City's satisfaction. Our efforts to resolve debt obligations amicably include counseling debtors and businesses on the origin of the obligation, the steps needed to resolve the obligation, and possible avenues of recourse if the obligation is not legitimately owed.

Supervisors monitor telephone interaction to ensure proper handling and review accounts regularly to ensure that each case receives the attention it requires. Additional telephone attempts are made as often as necessary to deliver optimum results. NCO's focus is to obtain payment-in-full while treating debtors courteously and professionally. Telephone contact attempts continue until contact is made or until accounts are deemed uncollectable.

Partial Payment Arrangements

Before negotiating a partial payment arrangement (PPA), NCO representatives develop a financial profile of the debtor based on the existence of real property, gainful employment, bank accounts, stocks, bonds, and other assets. NCO typically requires at least 30 percent down and the balance in full over 90 days, altering this policy to meet the City's requirements.

NCO allows a maximum payout period of 12 months when no other terms are possible. PPAs longer than 90 days are reassessed every three months to determine whether or not the debtor can pay in full, increase payments over a shorter term, or otherwise expedite the repayment period. NCO representatives request payment in full each time contact is made.

Upon receipt of the initial payment, the collection supervisor assigns the case to a PPA representative for monitoring and follow-up. The representative monitors accounts to ensure payments are received according to scheduled terms.

Meanwhile, NCO's automated system verifies payments posted against arrangements, schedules and triggers reminder letters to be sent 14 days before the next due date, and monitors accounts in anticipation of future payments. The system automatically identifies accounts where a debtor has failed to submit a payment within three days after the payment due date. If an arrangement is broken, the case is automatically assigned to a PPA representative's queue for follow-up. Contact is again made with the debtor, a broken promise letter is mailed, and solicitations for payment in full begin again.

Collecting on Non-sufficient Fund Items

When a check is returned for non-sufficient funds (NSF), the bank automatically presents the check a second time.

NCO typically adds a service charge to the debtor's case in accordance with client guidelines and state guidelines for allowable service charges for returned checks. The service charge is reported on the next statement to client. If we are unable to contact the debtor by telephone within five days, NCO mails a letter to the debtor informing them their check was returned because of NSF, and the amount due is still outstanding.

The case is documented with the reason for non-payment if other than non-sufficient funds (case closed, stop payment, etc.). If two or more items are returned by the bank, or if the checking account has been closed the debtor's record is also coded with a special status.

Step FIVE: Credit Bureau Reporting

NCO uses credit bureau reporting as a collection tool in accordance with company policy, federal statutes, and client guidelines. At the direction of the client, NCO reports delinquent accounts to one or more of the three national credit bureaus (Experian, Equifax, and TransUnion). NCO's initial notification letter informs debtors they have 30 days to dispute the validity of the debt.

During this period, representatives work diligently to leverage the prospect of credit bureau reporting while urging debtors to remit payment in full. Credit bureau reports are updated electronically once a month and manually on a daily basis. NCO adheres to this schedule for deletions as well.

Step SIX: Determining Uncollectibility

After exhaustive collection efforts, NCO initiates close and return procedures when accounts remain uncollectible because:

- Debtor cannot be located - After comprehensive, automated and manual skip tracing efforts are unproductive
- Debtor cannot pay at present - Because they are unemployed, on welfare, without sufficient income, seriously ill, bankrupt, have no assets, or are experiencing extenuating circumstances
- Debtor refuses to pay - And litigation is not recommended or approved
- Debtor is deceased - If death is confirmed and there is no estate

Close and Return Procedures

NCO complies with all requirements for closing and returning accounts, recognizing the City may recall accounts at any time at their discretion. The case status is updated on the collection system using a code that represents the reason for the action. A supervisor reviews accounts before they are closed and returned. All close and return codes are created to meet the City's requirements.

Step SEVEN: Remitting to the City

NCO remits gross or net collections in accordance with contract terms on a daily, weekly, bimonthly, or monthly basis. NCO can remit payments to the City by check, by wire transfer, or through the Automated Clearing House (ACH) network. Wire transfers are credited to the receiving bank the same day they are sent, and ACH transfers are credited the next business day. We can provide both wire and hard copy remittances.

At the end of the month, our client accounting department calculates the total dollars collected on behalf of specific clients, whether paid to NCO or to the client directly. We use the ACH network to transfer funds paid to us during the month to the client's designated account through our financial

institution. NCO forwards reports and statements at predetermined intervals to clients that reflect these activities.

Step EIGHT: Records Maintenance and Reports

NCO will document, report, and maintain all records and reports in accordance with generally accepted accounting standards, the City's accounting standards, and the resulting contract.

Our collection procedures comply with all applicable regulations and good business practice for the administration and management of accounts. We retain copies of all debtor correspondence, financial transactions, and other documentation pertinent to the case.

Typically NCO archives case information for seven years offsite on CD-ROM. After the required retention period expires and accounts are returned, NCO purges its system of client information.

NCO's Litigation Capabilities

NCO has well-established relationships with attorneys in all 50 states and uses this nationwide network when pursuing accounts that require litigation. These attorneys specialize in collection work and are well-versed in all federal, state, and local regulations pertaining to debt collection. We endeavor to work with attorneys who are adept at resolving accounts amicably prior to litigation.

No case is referred for litigation without written authorization from the client. NCO uses the following procedures to identify and refer accounts for possible legal action.

- Collectors identify accounts as possible candidates for litigation and forward them to collection supervisors for review.
- Accounts approved by collection supervisors as candidates for litigation are sent to NCO's legal department.
- The legal department reviews and evaluates accounts. NCO solicits written authorization from clients to file suit.
- After client authorization to proceed with litigation, NCO forwards qualified accounts to an attorney in the state where the debtor resides.
- Attorneys attempt to resolve accounts through letters and telephone calls, and make recommendations to file suit against specific accounts. NCO forwards these recommendations to client.
- If the case remains suit-worthy, the debtor receives a letter indicating the case is scheduled for legal action.
- If a debtor does not respond appropriately, the debtor is sued.

After a judgment is rendered, NCO takes steps to ensure that the judgment is executed and the debtor's obligations are discharged. We may file a lien against any real estate owned by the debtor, use administrative wage garnishment in states where this is lawful, or place a levy on a bank account

or another similar asset. As a last resort, NCO may seek to have a sheriff's sale held to liquidate the balance of the judgment. Once resolved, legal accounts are returned with all pertinent documentation.

Asset Search

NCO offers the following asset searches and reports for accounts that NCO recommends for legal collections:

- **Standard Financial Investigative Reports.** Civil Records (County) – Both Plaintiff and Debtor, Judgments, Tax Liens (State and Federal), UCC-1 Financing Statements, Countywide Property Search, Search to determine Subject's Debt and/or Loan Obligations, Corporate Records Search, Information as to the nature of the Subject's Business or Income Source
- **Comprehensive Financial Investigative Report.** Grantor/Grantee Index Search, Federal Litigation Search, Fictitious Name Index, Real Property Mortgage Information, Divorce Records/Probate Records (if applicable), FAA, Watercraft & MVR (where available)

How Our Collection Process Changes for Aged Accounts

Our case flow and collection activity is typically adjusted based on factors such as a collectability model which draws on credit score, demographics, prior payment history, etc., as well as available telephone and address contact information. As long as we are legally allowed to collect on an aged case, these accounts will follow the same flow as lesser aged accounts.

Pre-collection Process

Government agencies are faced with revenue shortfalls and internal attrition within their collection divisions and are exploring methodologies to increase revenues and decrease costs. NCO provides first-party collections in several states, either on-site in client facilities or within dedicated NCO Government Services offices.

Our early intervention program utilizes our experienced staff and "state-of-the-art" technologies to prompt delinquent debtors to make payment before they are charged off as bad debt. NCO's Early Intervention / Pre-collection Services impart a sense of urgency upon delinquent debtors during this period, reducing write-offs and the cost of collecting after charge-off. Most important is the timing, sequence, and comprehensiveness of the efforts NCO applies to your portfolio. With the right data supplied to us at placement, NCO can locate and collect from the greatest number of previously uncollected accounts. The best way to achieve this objective is NCO's method: concerted calling campaigns supplemented by automated skip tracing and third-party notices.

Since the Specifications and Scope of Work of this RFP do not call for pre-collection services, adding this component would be subject to negotiation. The paragraphs below describe how we have structured this service for some other clients.

Upon placement, NCO mails one pre-collection letter at no charge. The letter is formatted on NCO letterhead. The letter requests payment in full of principle, accrued interest, and late charges less collection costs. If the borrower does not respond within 30 days, then the case goes into regular collections.

Alternatively, NCO can customize a precollect program for the City, which would consist of a series of letters, to suit specific needs. Typically, we charge a fee per letter for custom precollect programs.

Costs would be negotiable if we were to perform other types of pre-collection programs customized to meet the City's needs. NCO will charge a contingency fee when the accounts roll from pre-collection to contingency collections.

- ii. **The technical factors that will be considered in section above, and the depth to which each will be treated.**

Collection System - FACS

NCO uses the Flexible Automated Collection System (FACS), a product of Ontario Systems, to manage collection operations at many of its call centers. This software has advanced features that promote collections and client satisfaction. Collection system software features include:

- **Flexible Reporting** - Hundreds of preformatted reports are available, in addition to ad hoc reports that can be created by NCO programmers.
- **Documentation** - Actions taken on accounts are automatically time- and date-stamped with codes identifying the user for tracking purposes.
- **Integration** - Predictive dialers, digital switching equipment, and electronic skip tracing tools work with the collection systems software.
- **User Functionality** - Users have access to the information they need to collect each case, using advanced search capabilities and the ability to make calls on or off the predictive dialer.
- **Security** - Tiered, multiple login structures restrict access to program data.

FACS includes:

- Ample capacity now and scalable to handle increasing volumes in the future
- Superior system flexibility that allows NCO and clients to manage case inventories in accordance with rapidly changing business needs
- Integrated access to consumer and credit reporting databases for skip tracing
- Integrated predictive dialing
- Integrated archiving of unlimited numbers of accounts to optical disc
- Electronic client interfaces for case referrals, remitting, case histories, close and return of accounts, performance reviews, reconciliation, collection letters and other transactions

The City of Long Beach

- Connectivity to a highly secured, centralized database that is attentive to sensitive financial data
- Superior reliability and availability due to NCO's use of Hewlett Packard Corporate Business Servers.

FACS, an extremely flexible system, is a key contributor to the success of our client collection programs.

FACS Capabilities

FACS is a real-time, on-line accounts receivable management system that allows NCO to:

- Prioritize and schedule accounts to case representatives
- Administer tactical collection procedures
- Monitor collection performance
- Expedite ad hoc reporting
- Implement creative and unique client-specific work standards
- Customize client remittance requirements
- Empower users to customize screens to their unique needs
- Communicate via FACS e-mail among all users (including clients) without leaving the system

Benefits of FACS

Benefits of FACS include:

- Local control with national support (for example, ability for local office to customize the system, in a matter of hours, to meet clients' needs for specific data fields or windows)
- Increased flexibility (for example, ability to quickly and easily target additional work effort on a specific group of accounts or segment of business)
- Integration of functions, allowing a case representative to work a case in one continuous path from early age to past due
- Ability to work in predictive dialing mode on any case in the data base
- Ability of clients to view NCO's work and performance at any or all stages of the receivable process
- Specialized written communication capabilities
- Ability to create custom reports at the collection manager level
- Built-in "help" screens and on-line "tutorials"

Quality Assurance Plan

NCO models our quality programs specifically to our client's needs.
Our average quality rating for Collection Service Representatives across all of our client programs
is 90%.

NCO is committed to quality and fully supports our Quality Control Plan. This program uses a team approach to quality assurance between NCO and our clients. To meet our quality assurance levels, we use several tools and processes to enhance our quality assurance program.

- **Call and Data Recording** - NCO uses the call recording application NICE to record both voice and data for quality purposes. NICE allows quality observers to set a schedule to make sure all representatives have the expected number of calls recorded each month. NICE also provides the observers and supervisors a tool to track scores and progress made.
- **Quality Score** - NCO internal QA observers monitor a random selection of our representatives' calls and grade the representative on the quality of the call. NCO uses the quality score to coach representatives on further improvements to their telephone and debtor service skills. Dedicated QA observers guarantee the calls are reviewed and scored as expected.
- **Quality Coaching** - Once the calls are recorded and scored, NCO's supervisors review the results with the representatives. These one-on-one coaching sessions are the key to a successful quality program. The representatives understand the expectations, how they are measured, and how they can improve their quality of call.
- **Conducting "Calibration Sessions"** - These sessions get supervisors, team leaders, and floor managers together to listen to taped calls and rate them.

Quality Control Plan

Our proactive approach to providing quality service also includes the following measures:

- Identifying opportunities for representatives' quality improvement
- Posting "quality flyers," providing representatives with constant reminders to do it right the first time, and building a culture of quality performance
- Emphasizing effective communications between quality representatives and team leaders
- Having representatives sign a Quality Commitment Statement; this "contract" stresses our commitment to quality service
- Recognizing representatives by posting individual and team performance statistics

The Quality Assurance Manager

Responsibilities of the quality assurance manager include:

The City of Long Beach

- Managing quality assurance for all clients
- Reviewing daily/weekly reports to calculate trends and overall department performance
- Overseeing corporate initiatives within the department to attain the most efficient and effective service quality for our client base
- Monitoring all quality feedback to achieve the level of success based upon your service requirements
- Assisting in training and development of various modules for interpersonal and technical skills

Quality Assurance Observers

NCO's quality assurance observers perform the following duties:

- Monitor/observe each representative according to your requirements
- Create weekly success reports for each representative for use in supervisor coaching sessions
- Create weekly departmental quality report for use by the department and quality assurance managers and supervisors

Internal Quality Standards

NCO's internal quality standards are designed to ensure every debtor contact is conducted with the highest degree of professionalism and courtesy. Dedicated representatives assure your policies and procedures are followed during every call.

NCO's commitment to training and quality reinforce performance standards. NCO has designed a monitor report to record these standards. We use this report to review the call to ensure:

- The case holder or adult occupant is appropriately greeted
- The message is delivered accurately and in its entirety
- Applicable information is communicated accurately
- Questions are answered completely and courteously
- Balance and case status are accurately communicated
- Appropriate payment options are offered
- Next actions regarding service continuation or service disconnection are clearly stated

To help us meet our objective of providing the highest quality standards for you and your debtors, NCO calibrates our values to mirror those of the City's by using your standards for quality debtor contact:

- The City's training modules and updates

- Observation forms
- Continuous feedback from the City
- Industry-specific regulations and guidelines
- Monitoring industry standards

Quality Monitoring Tools

NCO uses the call recording application NICE to record both voice and screen shots for quality purposes.

NCO can also set up access to its inbound call monitoring software, CentreVu.

NICE

NICE allows the Quality Observers to set a schedule to make sure all representatives have the expected number of calls recorded each month. NICE also provides the observers and supervisors a tool to track scores and progress made. The score sheets are customized to each client's specific requirements. NICE allows us to easily integrate the City's monitoring form into our quality process and makes the calls available to the City for replay and review.

CentreVu

CentreVu has real-time, daily, weekly and monthly reports for representative, call, and queue statistics.

The AVAYA CentreVu Call Management System, Version 13, is used in conjunction with CentreVu Supervisor to manage, track, and enhance the performance of NCO call centers.

The call management system allows NCO to analyze and adjust specific aspects of its operations to meet evolving requirements. Managers monitor representative performance, identifying total talk time, average hold time, call abandonment rate, and the number of calls in queue. The software gives NCO's supervisors real-time access to program-specific information they use to ensure high productivity levels. NCO's wide area network (WAN) provides all call centers with a dial-up digital ISDN backup connection. In the event of emergency or disaster, operations can be readily transferred to another NCO location that is unaffected.

Performance Metrics

NCO has a three-tiered approach toward collector productivity benchmarks.

- The first productivity benchmark is the collector's individual monthly collection goal. Based on the collector's percentage to goal/over goal appropriate evaluation of collector performance can be analyzed.

The City of Long Beach

- In addition to the individual collector goal, NCO conducts analysis on portfolio batch performance. The purpose of this analysis is to determine productivity within a specific placement of accounts. This allows strategic planning to take place and focus to be emphasized on case placements requiring additional penetration and/or collector attention.
- NCO also prides itself on striving to perform number one for our clients. In order for us to achieve this goal, NCO compares its performance against competitors who also hold a percentage of the same market share for a particular client. Strategy is adjusted accordingly to reach the goal of maintaining the highest-performing position with our client.

Tracking performance of our collection representative and generating performance reports on a daily basis plays a pivotal role in delivering exceptional service to our clients. Each day affords an opportunity for NCO to increase receivables for our clients and positively impact the bottom line for those who trust their accounts to NCO. For this reason, NCO has implemented the following measures to ensure a state-of-the-art computerized collection system providing reporting mechanisms to track the following:

- Client collection portfolio liquidation rates (spindown reports) allowing for strategic planning to focus on case placements and segments requiring additional collection activity and increased penetration.
- Client data integrity ensuring proper amounts of contact are attempted and focus on portfolio segments requiring skip trace activity.
- Collection unit last contact reporting, allowing collection supervisors to audit last contact attempts on accounts – ensuring no case stays idle in queue.
- Case status reporting, allowing analysts to implement calling campaign strategies focusing on accounts with a high propensity to pay, increasing receivables.
- Real-time reporting showing payments as they are processed and posted to collection units.
- Daily tracking of payments on whiteboard using count-down from daily goal approach, which motivates team members to collect payment, and have payments included in tracking of daily goal
- Collector reporting through case hot sheet and promise to pay sheet showing accounts with high propensity to pay and/or accounts with payment promises.
- Computerized collection system uses disposition coding for further organization and reporting capabilities.
- Telephone extension phone reporting – indicating inbound calls received and outbound calls placed. This reporting allows managers to ensure appropriate call volume versus talk time is enforced.

The City of Long Beach

6.9.2 Provide the collection performance rates for five (5) clients, which utilize in-house collection staff before referral. The rate must include supporting data and be calculated dividing total dollar amount collected by total dollar amount referred. These amounts shall be based on annual averages.

Also, provide the clients name, contact person, phone number and email address for each of the five (5) clients provided. The City intends to contact these clients for verification of collection rates.

1. Name of Firm Mesa Municipal Court	Contact Person Mr. Albert Lemke	Telephone # 480-644-3106	E-mail Albert.Lemke@mesaaz.gov
Name of Contract: Collection Services Agreement / Identify Dates / Term of Contract: 2002 to present / Type of Service: Third-party collections of civil traffic, misdemeanor and parking cases / Revenue Placed: \$19,041,085 last three years / Revenue Collected: \$3,681,987 last three years / Performance Rate: 19%			
2. Name of Firm Pierce County District Court	Contact Person Ms. Elsa Anderson	Telephone # 253-798-2974	E-mail EANDERS@co.pierce.wa.us
Name of Contract: Personal Services Agreement / Identify Dates / Term of Contract: February 2000 to present / Type of Service: Collections of traffic violations, juvenile and criminal restitution. NCO provides on-site staff to handle payments received by the Court and to answer any questions by defendants. / Revenue Placed: \$14,449,686 last three years / Revenue Collected: \$7,122,869 last three years / Performance Rate: 49%			
3. Name of Firm City of Los Angeles	Contact Person Mr. Jeffery Whitmore	Telephone # 213-978-1781	E-mail jeffery.whitmore@lacity.org
Name or Contract No.: Collection Services Contract / Identify Dates / Term of Contract: April 2003 to present / Type of Service: Collections of various City department debt including business taxes, sanitation services, building and safety fines and permits, false burglary alarms, etc. Currently we handle 19 city departments. / Revenue Placed: \$44,527,940 last three years / Revenue Collected: \$11,494,320 last three years / Performance Rate: 25%			
4. Name of Firm City of Tacoma Municipal Court	Contact Person Ms. Yvonne Pettus	Telephone # 253-591-2019	E-mail ypettus@ci-tacoma.wa.us
Name or Contract No.: Collection Services Agreement / Identify Dates / Term of Contract: February 2000 to present / Type of Service: Collections of traffic violations, juvenile and criminal restitution / Revenue Placed: \$14,371,274 last three years / Revenue Collected: \$4,200,746 last three years / Performance Rate: 29%			
5. Name of Firm California Dept of Transportation	Contact Person Mr. Bill Lewis	Telephone # (916) 227-9149	E-mail william_lewis@dot.ca.gov
Name or Contract No.: Collection Services Contract / Identify Dates / Term of Contract: October 2001 to present / Type of Service: Collection of damages to state highways and property, right of ways and permits / Revenue Placed: \$18,517,115 last three years / Revenue Collected: \$7,462,647 last three years / Performance Rate: 40%.			

6.9.3 Provide a current financial statement of the vendor's assets and liabilities prepared by a Certified Public Accountant.

Please refer to Exhibit III for a copy of our 2010 Annual Report.

6.9.4 Provide copies of sample reports normally provided to clients.

Please refer to Exhibit I for a sample of our reports.

6.9.5 Provide copies of sample notices and letters routinely utilized by vendor.

Please refer to Exhibit II for a copy of our sample consumer letters.

7. WARRANTY/MAINTENANCE AND SERVICE

Not applicable.

EXHIBIT "B"

Rates or Charges



NCOSM

COST PROPOSAL

FOR

City of Long Beach, California

RFP#: FM11-045

Presented to:

Yvonne Lucas
Purchasing Division
City of Long Beach
333 W. Ocean Blvd., 7th Floor
Long Beach, CA 90802
Phone: 562-570-6039
E-mail: Yvonne.Lucas@longbeach.gov

Submitted by:

Jeffrey E. Smith
Vice President, Sales - Government
NCO Financial Systems, Inc.
10540 White Rock Road, Suite 250
Rancho Cordova, CA 95670
Phone: 888-289-0907 Ext. 7007
E-mail: jeff.smith@ncogroup.com

Pricing

NCO typically charges a standard fee that is contingent upon successful collection of an account, and we strive to offer our clients a fair and equitable rate. This pricing structure enables NCO to provide our clients with the highest quality collectors, exceptional collection levels, superior customer service, and responsive technical support. Our rate further ensures our clients will have all the benefits of a full-service agency that will thoroughly work all accounts until paid-in-full or deemed uncollectible. NCO structures its rate to ensure our clients receive the highest return on their investment. All reports and communications are included in this pricing structure.

NCO proposes the following pricing:

NCO Pricing for City of Long Beach	
Collection Fee for Standard Non-Legal Accounts	17.9%
Collection Fee for Accounts Needing Legal Action*	28.0%

*NOTE: NCO will not proceed with any legal action without first receiving express written approval and consent by the City to proceed with the filing of any legal proceedings on a debtor referred to NCO for collections.

EXHIBIT “C”

City’s Representative:

Diana Ambriz, Financial Services Officer

EXHIBIT "D"

Materials/Information Furnished: None

EXHIBIT "E"

Business Associate Agreement



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2525 GRAND AVENUE • LONG BEACH, CALIFORNIA 90815 • (562) 570-4000 • FAX: (562) 570-4049

Health Information In Compliance With the Health Insurance Portability And Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH Act)

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT ("Agreement") is made and entered as of _____, 20____ by and between _____, a _____ [corporation, partnership, dba], whose business address is

(hereinafter referred to as "Business Associate"), and the CITY OF LONG BEACH, a municipal corporation (hereinafter referred to as "City" or "Covered Entity").

WHEREAS, the City has a Department of Health that provides a multitude of health care and related services; and

WHEREAS, in the course of providing health care and related services the City obtains protected health information; and

WHEREAS, Business Associate performs particular duties and/or provides particular services to the City; and

WHEREAS, the City wishes to disclose some information to Business Associate, some of which may contain protected health information; and

WHEREAS, the City and Business Associate intend to protect the privacy and provide for the security of protected health information in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (the "HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws.

NOW, THEREFORE, in consideration of the mutual terms covenants, and conditions in this Agreement, the parties agree as follows:

1. **DEFINITIONS.** Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Regulations, including the Privacy Rule and the Security Rule codified in Title 45, Sections 160-164 of the Code of Federal Regulations, and under the HITECH Act.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE.

- a. Non-disclosure. Business Associate agrees to not use or disclose protected health information other than as permitted or required by the Agreement or as required by law.
- b. Safeguards. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the protected health information. Business Associate shall comply with the policies and procedures and documentation requirements of the HIPAA Regulations.
- c. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of protected health information by Business Associate in violation of the requirements of this Agreement.
- d. Notice of Use or Disclosure, Security Incident or Breach. Business Associate agrees to notify the designated privacy official of the Covered Entity of any use or disclosure of protected health information by Business Associate not permitted by this Agreement, any security incident involving electronic protected health information, and any breach of unsecured protected health information without unreasonable delay, but in no case more than thirty (30) days following discovery of breach.
 1. Business Associate shall provide the following information in such notice to Covered Entity:
 - (a) The identification of each individual whose unsecured protected health information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed during such breach;
 - (b) A description of the nature of the breach including the types of unsecured protected health information that were involved, the date of the breach and the date of discovery;
 - (c) A description of the type of unsecured protected health information acquired, accessed, used or disclosed in the breach (e.g., full name, social security number, date of birth, etc.);
 - (d) The identity of the person who made and who received (if known) the unauthorized acquisition, access, use or disclosure;
 - (e) A description of what the Business Associate is doing to mitigate the damages and protect against future breaches; and
 - (f) Any other details necessary for Covered Entity to assess risk of harm to individual(s), including identification of each individual whose unsecured

protected health information has been breached and steps such individuals should take to protect themselves.

2. Covered Entity shall be responsible for providing notification to individuals whose unsecured protected health information has been disclosed, as well as the Secretary and the media, as required by the HITECH Act.
 3. Business Associate agrees to establish procedures to investigate the breach, mitigate losses, and protect against any future breaches, and to provide a description of these procedures and the specific findings of the investigation to Covered Entity in the time and manner reasonably requested by Covered Entity.
 4. The parties agree that this section satisfies any notice requirements of Business Associate to Covered Entity of the ongoing existence and occurrence of attempted but unsuccessful security incidents for which no additional notice to Covered Entity shall be required. For purposes of this Agreement, unsuccessful security incidents include activity such as pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of electronic public health information.
- e. Reporting of disclosures. Business Associate agrees to report to Covered Entity any use or disclosure of the protected health information not provided for by this Agreement of which it becomes aware.
 - f. Business Associate's Agents. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides protected health information received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
 - g. Availability of Information to City. Business Associate agrees to provide prompt access to protected health information in a designated record set to Covered Entity or, as directed by Covered Entity, to an individual upon Covered Entity's request in order to meet the requirements under 45 CFR § 164.524. If Business Associate maintains an electronic health record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.
 - h. Amendment of Protected Health Information. Business Associate

agrees to promptly make any amendment(s) to protected health information in a designated record set that the Covered Entity directs or agrees to pursuant to 45 CFR § 164.526 at the request of Covered Entity or an individual.

- i. **Internal Practices.** Business Associate agrees to make internal practices, books, and records, including policies and procedures and protected health information, relating to the use and disclosure of protected health information received from, or created or received by Business Associate on behalf of, covered entity available to the Secretary of the U.S. Department of Health and Human Services for purposes of the Secretary determining the Business Associate's compliance with the Privacy Rule.
- j. **Reporting of Disclosures.** Business Associate agrees to document such disclosures of protected health information and information related to such disclosures as would be required for the City to respond to a request by an individual for an accounting of disclosures of protected health information in accordance with the Privacy Rule, including but not limited to 45 CFR § 164.528, and the HITECH Act.
- k. **Availability of Information to Covered Entity.** Business Associate agrees to promptly provide to Covered Entity or an individual information collected in accordance with Section 2(j) of this Agreement, to permit Covered Entity to respond to a request by an individual for an accounting of disclosures of protected health information in accordance with the Privacy Rule, including but not limited to 45 CFR § 164.528, and the HITECH Act.

3. **PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE.**

Except as otherwise limited in this Agreement, Business Associate may use or disclose protected health information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Agreement, provided that such use or disclosure would not violate the Privacy Rule or the HITECH Act if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity. The specific use and disclosure provisions are as follows:

- a. Except as otherwise limited in this Agreement, Business Associate may use protected health information for the proper management and administration of the Business Associate.
- b. Except as otherwise limited in this Agreement, Business Associate may disclose protected health information for the proper management and administration of the Business Associate, provided that disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the

business associate of any instances of which it is aware in which the confidentiality of the information has been breached.

- c. Except as otherwise limited in this Agreement, Business Associate may use protected health information to provide data aggregation services to covered entity as permitted by 42 CFR § 164.504(e)(2)(i)(B).
- d. Business Associate may use protected health information to report violations of law to appropriate federal and state authorities, consistent with § 164.502(j)(1).

4. **PROHIBITED USES AND DISCLOSURES BY BUSINESS ASSOCIATE.**

- a. Business Associate shall not use or disclose protected health information for fundraising or marketing purposes.
- b. Business Associate shall not disclose protected health information to a health plan for payment or health care operations purposes if the individual has requested this special restriction and has paid out of pocket in full for the health care item or service to which the protected health information solely relates.
- c. Business Associate shall not directly or indirectly receive payment or remuneration in exchange for protected health information, except with the prior written consent of Covered Entity and as permitted by law, including HIPAA and the HITECH Act. This prohibition shall not effect payment by Covered Entity to Business Associate.

5. **OBLIGATIONS OF COVERED ENTITY.**

- a. Notification of Limitations in Notice of Privacy Practices. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of covered entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of protected health information.
- b. Notification of Change or Revocation of Permission. Covered entity shall notify Business Associate of any changes in, or revocation of, permission by individual to use or disclose protected health information, to the extent that such changes may affect Business Associate's use or disclosure of protected health information.
- c. Notification of Restrictions. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of protected health information that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may effect Business Associate's use or disclosure of protected health information.

6. **PERMISSIBLE REQUESTS BY COVERED ENTITY.** Covered Entity shall not request Business Associate to use or disclose protected health information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity, except that this restriction is not intended

and shall not be construed to limit Business Associate's capacity to use or disclose protected health information for the proper management and administration of the Business Associate or to provide data aggregation services to Covered Entity as provided for and expressly permitted under Section 3 (a), (b), and (c) of this Agreement.

7. TERM AND TERMINATION.

- a. *Term.* The term of this Agreement shall be effective upon execution, and shall terminate when all of the protected health information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy protected health information, protections are extended to such information, in accordance with the termination provisions in this Section.
- b. *Termination for Cause.* Upon either party's knowledge of a material breach by the other party, the party with knowledge of the other party's breach shall either:
 1. Provide an opportunity for the breaching party to cure the breach or end the violation and terminate this Agreement if the breaching party does not cure the breach or end the violation within the time specified by the non-breaching party;
 2. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
 3. If neither termination nor cure is feasible, the violation shall be reported to the Secretary.
- c. *Effect of Termination.*
 1. Except as provided in paragraph (2) of this Section, upon termination of this Agreement for any reason, Business Associate shall return or destroy all protected health information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to protected health information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the protected health information.
 2. In the event that Business Associate determines that returning or destroying the protected health information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible and shall extend the protections of this Agreement to such protected health information and limit further uses and disclosures of such protected health information to those purposes that make the return or

destruction infeasible, for so long as Business Associate maintains such protected health information.

8. **ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS.** Business Associate shall make itself and any subcontractors, employees, or agents assisting Business Associate in the performance of its obligations under this Agreement with the Covered Entity, available to Covered Entity, at no cost to Covered Entity to testify as witnesses or otherwise, in the event of litigation or administrative proceedings commenced against Covered Entity, its directors, officers, or employees based on a claimed violation of HIPAA, the HIPAA Regulations, the HITECH Act, or other laws relating to security or privacy, except where Business Associate or its subcontractors, employees or agents are named as an adverse party.
9. **MISCELLANEOUS.**
 - a. *References.* A reference in this Agreement to a section in the HIPAA Regulations or the HITECH Act means the section as in effect or as amended.
 - b. *Amendment.* The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for covered entity to comply with the requirements of the Privacy Rule, the Security Rule, HIPAA, the HITECH Act and other privacy laws governing protected health information. Amendments must be in writing and signed by the parties to the Agreement.
 - c. *Survival.* The respective rights and obligations of Business Associate under Section 6(c) of this Agreement shall survive the termination of this Agreement.
 - d. *Interpretation.* Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the HIPAA Regulations and the HITECH Act.
10. **LAW.** This Agreement shall be governed by and construed pursuant to federal law and the laws of the State of California (except those provisions of California law pertaining to conflicts of laws). Business Associate shall comply with all laws, ordinances, rules and regulations of all federal, state and local governmental authorities.
11. **ENTIRE AGREEMENT.** This Agreement, including Exhibits, constitutes the entire understanding between the parties and supersedes all other agreements, oral or written, with respect to the subject matter herein.
12. **INDEMNITY.** Business Associate shall protect, defend, indemnify and hold City, its officials, employees, and agents (collectively in this Section referred to as "City") harmless from and against any and all claims, demands, causes of action, losses, damages, and liabilities, whether or not reduced to judgment, which may be asserted against City arising from or attributable to or caused directly or indirectly by Business Associate, Business Associate's employees, or agents in the performance of the duties under this Agreement or any alleged negligent or intentional act,

omission or misrepresentation by Business Associate, Business Associate's employees or agents, which act, omission or misrepresentation is connected in any way with performance of the duties under this Agreement. If it is necessary for purposes of resisting, adjusting, compromising, settling, or defending any claim, demand, cause of action, loss, damage, or liability, or of enforcing this provision, for City to incur or to pay any expense or cost, including attorney's fees or court costs, Business Associate agrees to and shall reimburse City within a reasonable time. Business Associate shall give City notice of any claim, demand, cause of action, loss, damage or liability within ten (10) calendar days.

13. AMBIGUITY. In the event of any conflict or ambiguity in this Agreement, such ambiguity shall be resolved in favor of a meaning that complies and is consistent with HIPAA, HIPAA Regulations, the HITECH Act and California law.
14. COSTS. If there is any legal proceeding between the parties to enforce or interpret this Agreement or to protect or establish any rights or remedies hereunder, the prevailing party shall be entitled to its costs and expenses, including reasonable attorneys' fees and court costs, including appeals.
15. NOTICES. Any notice or approval required hereunder by either party shall be in writing and personally delivered or deposited in the U.S. Postal Service, first class, postage prepaid, addressed to Business Associate at the address first stated herein, and to the City at 333 West Ocean Boulevard, Long Beach, California 90802 Attention: Director, Health Department. Notice of change of address shall be given in the same manner as stated herein for other notices. Notice shall be deemed given on the date deposited in the mail or on the date personal delivery is made, whichever first occurs.
16. WAIVER. The acceptance of any services or the payment of any money by City shall not operate as a waiver of any provision of this Agreement, or of any right to damages or indemnity stated in this Agreement. The waiver of any breach of this Agreement shall not constitute a waiver of any other or subsequent breach of this Agreement.
17. CONTINUATION. Termination or expiration of this Agreement shall not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 12 and 14 prior to termination or expiration of this Agreement, and shall not extinguish any warranties hereunder.
18. ADVERTISING. Business Associate shall not use the name of City, its officials or employees in any advertising or solicitation for business, nor as a reference, without the prior approval of the City Manager or designee.
19. THIRD PARTY BENEFICIARY. This Agreement is intended by the parties to benefit themselves only and is not in any way intended or designed to or entered for the purpose of creating any benefit or right for any person or entity of any kind that is not a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed with all of the formalities required by law as of the date first stated herein.

(Name of Business Associate)

a _____
(corporation, partnership, individual)

_____, 20__

By _____

Title: _____

_____, 20__

By _____

Title: _____

CITY OF LONG BEACH, a municipal
corporation

_____, 20__

By _____
City Manager or designee

"City"

The foregoing Agreement is hereby approved as to form this ____ day of
_____, 20__.

ROBERT E. SHANNON,
City Attorney or designee

By _____
Deputy