



**INCORPORATED COUNTY OF LOS ALAMOS  
SERVICES AGREEMENT**

This **SERVICES AGREEMENT** ("Agreement") is entered into by and between the **Incorporated County of Los Alamos**, an incorporated county of the State of New Mexico ("County"), and **I.C. System, Inc.** ("Contractor"), collectively the "Parties", to be effective for all purposes December 8, 2021.

**WHEREAS**, the County Purchasing Officer determined in writing that the use of competitive sealed bidding was either not practical or not advantageous to County for procurement of the Services and County issued Request for Proposals No. 21-57 (the "RFP") on May 23, 2021, requesting proposals for Accounts Receivable Collection Services as described in the RFP; and

**WHEREAS**, Contractor timely responded to the RFP by submitting a response dated June 22, 2021 ("Contractor's Response"); and

**WHEREAS**, based on the evaluation factors set out in the RFP, Contractor was the successful Offeror for the services listed in the RFP; and

**WHEREAS**, the Board of Public Utilities approved this Agreement at a public meeting held on November 17, 2021;

**WHEREAS**, the County Council approved this Agreement at a public meeting held on December 7, 2021; and

**WHEREAS**, Contractor shall provide the Services, as described below, to County.

**NOW, THEREFORE**, for and in consideration of the premises and the covenants contained herein, County and Contractor agree as follows:

**SECTION A. DEFINITIONS:**

1. "**Consumer**" means any person or company obligated or allegedly obligated to pay a debt owed the County.
2. "**CSV**" means comma-separated values.
3. "**FFIEC**" means Federal Financial Institutions Examination Council.
4. "**FISMA**" means Federal Information Security Modernization Act.
5. "**FTP**" means File Transfer Protocol, which is a standard communication protocol used for the transfer of computer files from a server to a client on a computer network.
6. "**GLBA**" means Gramm-Leach-Bliley Act.

7. *"HIPAA"* means Health Insurance Portability and Accountability Act.
8. *"HITRUST"* means Health Information Trust Alliance.
9. *"ICE"* means Intelligent Collections Engine.
10. *"ISO"* means International Organization for Standardization.
11. *"NCUA"* means National Credit Union Share Insurance Fund.
12. *"NIST CSF"* means National Institute of Standards and Technology Cybersecurity Framework.
13. *"Phone Append"* means the process of adding phone numbers to an existing database.
14. *"Place"* or *"Placed"* means the act of referring past due delinquent Consumer accounts to the Contractor for collections .
15. *"Referral File(s)"* means past due delinquent accounts Placed with Contractor by County for collections. For purposes herein "delinquent accounts" shall be those designated County Consumer accounts for County ambulance services, one or more of County utility services including natural gas, water, wastewater, and electric service, and County environmental service fees including but not limited to refuse collection, transportation and disposal that remains outstanding as of 120 days from the last date of service for the designated County services and which the County has not collected the past due amount from the Consumer.
16. *"Scrub"* means the process of amending or removing data in a database to find and validate the most accurate Consumer contact information.
17. *"Skip Tracing"* means the process of locating a Consumer to collect on accounts Placed with the Contractor.
18. *"TCPA"* means Telephone Consumer Protection Act.

## **SECTION B. SERVICES:**

1. **Generally.** Contractor shall provide to the County collection services ("Services") for County delinquent Consumer accounts, using, at a minimum, the processes described herein and in Contractor's Response, incorporated by reference herein, for the following types of past due delinquent Consumer accounts greater than one hundred twenty (120) days past due, utility receivables, landfill tipping fee receivables, ambulance billing receivables, and miscellaneous accounts receivable as determined by County. Contractor's Services shall include, but not be limited to:
  - a. Provision of an online payment portal and online account management tools, available twenty-four (24) hours a day, three hundred sixty-five (365) days per year, for both Consumers and County;
  - b. Unlimited County staff accounts and ambulance billing contractor accounts, assigned by Contractor upon County request, for County access to Contractor

- provided online tools, upload Referral Files, access to County Referral accounts, and ability to generate activity reports;
- c. Account placement processing and data scrubs, the process where Contractor shall compare received County Referral Files to that, for example, in National Change of Address database, address standardization, Phone Append, and bankruptcy and deceased available databases;
  - d. Acceptance of Referral Files from County and secure file transmission using FTP or through online tools;
  - e. Collection letter production and mailing;
  - f. Provision of a toll-free "800" telephone line that Placed accounts can use to contact Contractor;
  - g. Skip Tracing processing, which includes the process of comparing expired telephone or email addressed to those found via other national databases and using updated information to attempt collection efforts;
  - h. Gross or net payment remittal processing and invoicing;
  - i. Close and return/recall processing for Referral Files deemed uncollectable including but not limited to persistent skips, bankruptcies, deceased responsible party, no asset indigent, and recall/cancels;
  - j. Account balance update processing;
  - k. Correspondence, bankruptcy and deceased file processing;
  - l. Multi-lingual Collectors availability for Collection Services; and
  - m. Access to the Contractor's ICE™ system to an unlimited number of County designated users.
2. **Project Initiation Meeting.** Within thirty (30) days from the date of final execution of this Agreement, the Contractor shall hold a project kick-off meeting in coordination with the County's designated project manager ("Project Manager"). During the kick-off meeting, Contractor and County shall establish a project schedule for transfer of designated County ambulance service, utility service, and environmental service (e.g., waste collection and disposal) outstanding Consumer accounts.
3. **Collection Process.** Contractor shall use, at a minimum, the collection process as described in Contractors' Proposal and as excerpted herein as **Exhibit "A"** to collect on the accounts properly Placed by County with Contractor. Contractor shall notify County, in writing or via e-mail, of any substantial or material change to the process during the Term of the agreement. Contractor shall take no further action and remove from their systems Referral Files Placed with Contractor by mistake or where payment has been made but not properly or timely recorded by County. Ambulance collections accounts may be withdrawn if moved to indigent collections.
4. **Data Transfer of County Consumer Accounts.** Contractor shall, during the kick-off meeting provide:
- a. The method for transfer of Referral Files for upload and transfer into Contractor's proprietary software.
  - b. In addition to the Referral Files, the County may also request that Contractor accept for collection other accounts as needed,
  - c. After the initial transfer of the Referral Files, County shall monthly submit additional County Consumer accounts meeting the criteria of the initial Referral Files if there any accounts meeting the Referral File criteria.
  - d. For each Referral File, County shall provide to Contractor, the following Consumer information:

- i. Consumer name,
- ii. Consumer phone numbers,
- iii. Consumer address,
- iv. Date of service or date fee or fine was charged,
- v. Date of delinquency; and
- vi. Any Consumer service agreement(s) or rules that explains terms of payments for services.

**5. Credit Reporting and Legal Actions.**

- a. Credit Reporting. Contractor shall, when permitted by regulations and when requested by County, report Placed accounts to the applicable credit bureaus within sixty (60) days of account Placement. Contractor shall offer Consumers a thirty (30)-day period in which to resolve or pay their debts to avoid reporting the debt information. Contractor shall advise County of any additional detailed information necessary for credit bureau reporting.
- b. Legal Action. Contractor shall not in any manner or form initiate legal proceedings in the name of or on behalf the County.

**6. Data Ownership, Records, and Data Security.**

- a. Consumer Data. All data provided to Contractor by County is and remains the property of County. Contractor shall not lease, sell, or otherwise provide to any third-party County Consumer records without written authorization from the County. Contractor is authorized to provide to its related and affiliated entities, identified as vendor in its proposal, County data for scrubbing and collections. At the end of the Term of this Agreement or termination, Contractor shall return all records, data, and amounts then in its possession as related to the services provided herein.
- b. Data Security. Contractor shall provide a secure system for receiving, storing processing or otherwise working with information provided by County, and shall agree to be fully bound by the provisions of the Privacy Act and applicable fair lending laws, credit reporting rules and HIPAA laws. Contractor shall, at a minimum, employ the security measures and undergo regular comprehensive network and system security assessments as provided in their proposal. Contractor shall maintain all records in accordance with the most restrictive requirements of any County, state and federal requirements. Contractor shall retain all such records and statements pertaining to the Collection Service for County for a period of no less than three (3) years from the close of each year's operation. Upon termination of the Agreement, Contractor shall provide all Contractor's retained County data to County in MS Excel or CSV format within (30) business days. Contractor shall then ensure destruction or secure archiving and storage of any remaining County data in its system.
- c. Records. All records, in either electronic or hard-copy format, pertaining to the operations of Contractor's Collection Service shall, upon five (5) business days prior notice from County, be open for inspection and/or audit by County. Contractor understands that County is a public body and subject to State of New Mexico public records requirements. Contractor shall timely provide to County all records it may have in its possession for responding to public records request.

7. **Compliance with Laws.** Contractor shall comply with any and all applicable provisions of local, state, or federal law regulating debt collections as may be found in, but not limited to the Fair Debt Collection Practices Law. Contractor shall maintain complete and accurate records of Collection Service transactions in accordance with accepted industry accounting practices and this Agreement, and shall maintain records in a secure location, whether electronically or physical, to prevent disclosure or destruction.
8. **Collections and Status Reports.**
  - a. On request of County, Contractor shall meet virtually or in-person with County and review each invoice, explain charges, discuss problems and mutually agree on courses of action which may be required to provide improved control and/or service.
  - b. **Collections Reporting.** Contractor shall remit to County routine, detailed account information and summary information on all collections based on a monthly reporting period on or before the 15th day after the end of the reporting period, accounting for all collections made up to and including the last day of reporting period. Contractor's accounting control and records of reported collection service shall be used as the basis to verify charges payable to Contractor. Contractor, throughout the Term of the Agreement, shall provide County, at a minimum, the online reporting capabilities and tools to generate ad hoc reports as described in **Exhibit "B."**
9. **Call Centers.** Contractor shall maintain call centers and operations within the continental United States. For hosted or cloud-based services offered by Contractor, data centers of cloud service providers shall be located within the United States, as required by County Technology Standards.
10. **Contractor Uncollectable Accounts.** Contractor shall continue collection activities until a Placed Consumer account has reached its applicable statute of limitations for debt collection. At that time, the Placed Consumer account shall be closed by the Contractor, the Contractor shall cease debt collection activities on said account, and shall notify the County of the account closure within thirty (30) days by sending a Special Activity Report.

**SECTION B. TERM:** The term of this Agreement shall commence December 8, 2021, and shall continue through December 7, 2028, unless sooner terminated, as provided herein.

**SECTION C. COMPENSATION:**

1. **Amount of Compensation.** Contractor shall be compensated for the above services pursuant to the following terms and conditions:
  - a. County shall pay Contractor the amount, not to exceed, FOURTEEN AND ONE-HALF PERCENT (14.5%) of any recovered amount on all Referral File accounts.
  - b. The 14.5% fee shall be withheld from any payments received by Contractor through its services herein. Contractor shall monthly provide a detailed statement of payments received by Contractor, the levy of the 14.5% service fee, and remaining amount(s) due and payable to the County.
  - c. Contractor shall transfer monthly any County Consumer received payments, less Contractor's service fee, to County via electronic wire transfer using account information provided by County. Contractor shall segregate transfers based on the fee type collected and shall transfer payments into the appropriate County accounts as provided by County.

- d. No fee shall be due and payable to Contractor based on accounts where County has placed lien on real property pursuant to state law.

**SECTION D. TAXES:** Contractor shall be solely responsible for timely and correctly billing, collecting and remitting all NMGRT levied on the amounts payable under this Agreement.

**SECTION E. STATUS OF CONTRACTOR, STAFF, AND PERSONNEL:** This Agreement calls for the performance of services by Contractor as an independent contractor. Contractor is not an agent or employee of County and shall not be considered an employee of County for any purpose. Contractor, its agents or employees shall make no representation that they are County employees, nor shall they create the appearance of being employees by using a job or position title on a name plate, business cards, or in any other manner, bearing County's name or logo. Neither Contractor nor any employee of Contractor shall be entitled to any benefits or compensation other than the compensation specified herein. Contractor shall have no authority to bind County to any agreement, contract, duty or obligation. Contractor shall make no representations that are intended to, or create the appearance of, binding County to any agreement, contract, duty, or obligation. Contractor shall have full power to continue any outside employment or business, to employ and discharge its employees or associates as it deems appropriate without interference from County; provided, however, that Contractor shall at all times during the term of this Agreement maintain the ability to perform the obligations in a professional, timely and reliable manner.

**SECTION F. STANDARD OF PERFORMANCE:** Contractor agrees and represents that it has and shall maintain the personnel, experience and knowledge necessary to qualify it for the particular duties to be performed under this Agreement. Contractor shall perform the Services described herein in accordance with a standard that meets the industry standard of care for performance of the Services.

**SECTION G. DELIVERABLES AND USE OF DOCUMENTS:** All deliverables required under this Agreement, including material, products, reports, policies, procedures, software improvements, databases, and any other products and processes, whether in written or electronic form, shall remain the exclusive property of and shall inure to the benefit of County as works for hire; Contractor shall not use, sell, disclose, or obtain any other compensation for such works for hire. In addition, Contractor may not, with regard to all work, work product, deliverables or works for hire required by this Agreement, apply for, in its name or otherwise, any copyright, patent or other property right and acknowledges that any such property right created or developed remains the exclusive right of County. Contractor shall not use deliverables in any manner for any other purpose without the express written consent of County.

**SECTION H. EMPLOYEES AND SUB-CONTRACTORS:** Contractor shall be solely responsible for payment of wages, salary or benefits to any and all employees or contractors retained by Contractor in the performance of the Services. Contractor agrees to indemnify, defend and hold harmless County for any and all claims that may arise from Contractor's relationship to its employees and subcontractors.

**SECTION I. INSURANCE:** Contractor shall obtain and maintain insurance of the types and in the amounts set out below throughout the term of this Agreement with an insurer acceptable to County. Contractor shall assure that all subcontractors maintain like insurance. Compliance with the terms and conditions of this Section is a condition precedent to County's obligation to pay compensation for the Services and Contractor shall not provide any Services under this Agreement unless and until Contractor has met the requirements of this Section. County requires

Certificates of Insurance or other evidence acceptable to County that Contractor has met its obligation to obtain and maintain insurance and to assure that subcontractors maintain like insurance. Should any of the policies described below be cancelled before the expiration date thereof, notice shall be delivered in accordance with the policy provisions. General Liability Insurance and Automobile Liability Insurance shall name County as an additional insured.

1. **General Liability Insurance:** ONE MILLION DOLLARS (\$1,000,000.00) per occurrence; ONE MILLION DOLLARS (\$1,000,000.00) aggregate.
2. **Workers' Compensation:** In an amount as may be required by law. County may immediately terminate this Agreement if Contractor fails to comply with the Worker's Compensation Act and applicable rules when required to do so.

**SECTION J. RECORDS:** Contractor shall maintain, throughout the term of this Agreement and for a period of six (6) years thereafter, records that indicate the date, time, and nature of the services rendered. Contractor shall make available, for inspection by County, all records, books of account, memoranda, and other documents pertaining to County at any reasonable time upon request.

**SECTION K. APPLICABLE LAW:** Contractor shall abide by all applicable federal, state and local laws, regulations, and policies and shall perform the Services in accordance with all applicable laws, regulations, and policies during the term of this Agreement. In any lawsuit or legal dispute arising from the operation of this Agreement, Contractor agrees that the laws of the State of New Mexico shall govern. Venue shall be in the First Judicial District Court of New Mexico in Los Alamos County, New Mexico.

**SECTION L. NON-DISCRIMINATION:** During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of the obligations of Contractor under this Agreement, with regard to race, color, religion, sex, age, ethnicity, national origin, sexual orientation or gender identity, disability or veteran status.

**SECTION M. INDEMNITY:** Contractor shall indemnify, hold harmless and defend County, its Council members, employees, agents and representatives, from and against all liabilities, damages, claims, demands, actions (legal or equitable), and costs and expenses, including without limitation attorneys' fees, of any kind or nature, arising from Contractor's performance hereunder or breach hereof and the performance of Contractor's employees, agents, representatives and subcontractors.

**SECTION N. FORCE MAJEURE:** Neither County nor Contractor shall be liable for any delay in the performance of this Agreement, nor for any other breach, nor for any loss or damage arising from uncontrollable forces such as fire, theft, storm, war, or any other force majeure that could not have been reasonably avoided by exercise of due diligence.

**SECTION O. NON-ASSIGNMENT:** Contractor may not assign this Agreement or any privileges or obligations herein without the prior written consent of County.

**SECTION P. LICENSES:** Contractor shall maintain all required licenses including, without limitation, all necessary professional and business licenses, throughout the term of this Agreement. Contractor shall require and shall assure that all of Contractor's employees and

subcontractors maintain all required licenses including, without limitation, all necessary professional and business licenses.

**SECTION Q. PROHIBITED INTERESTS:** Contractor agrees that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. Contractor further agrees that it shall not employ any person having such an interest to perform services under this Agreement. No County Council member or other elected official of County, or manager or employee of County shall solicit, demand, accept or agree to accept a gratuity or offer of employment contrary to Section 31-282 of the Los Alamos County Code.

**SECTION R. TERMINATION:**

1. **Generally.** County may terminate this Agreement with or without cause upon ten (10) days prior written notice to Contractor. Upon such termination, Contractor shall be paid for Services actually completed to the satisfaction of County at the rate set out in Section C. Contractor shall render a final report of the Services performed to the date of termination and shall turn over to County originals of all materials prepared pursuant to this Agreement.
2. **Funding.** This Agreement shall terminate without further action by County on the first day of any County fiscal year for which funds to pay compensation hereunder are not appropriated by County Council. County shall make reasonable efforts to give Contractor at least ninety (90) days advance notice that funds have not been and are not expected to be appropriated for that purpose.

**SECTION S. NOTICE:** Any notices required under this Agreement shall be made in writing, postage prepaid to the following addresses, and shall be deemed given upon hand delivery, verified delivery by telecopy (followed by copy sent by United States Mail), or three (3) days after deposit in the United States Mail:

County:

Business Operations Manager  
Incorporated County of Los Alamos  
Department of Public Utilities  
1000 Central Avenue, Suite 150  
Los Alamos, New Mexico 87544

Contractor:

John Erickson, President  
I.C. System, Inc.  
444 E. Highway 96  
St. Paul, Minnesota 55126

**SECTION T. INVALIDITY OF PRIOR AGREEMENTS:** This Agreement supersedes all prior contracts or agreements, either oral or written, that may exist between the parties with reference to the services described herein and expresses the entire agreement and understanding between the parties with reference to said services. It cannot be modified or changed by any oral promise made by any person, officer, or employee, nor shall any written modification of it be binding on County until approved in writing by both County and Contractor.

**SECTION U. NO IMPLIED WAIVERS:** The failure of the County to enforce any provision of this Agreement is not a waiver by the County of the provisions or of the right thereafter to enforce any provision(s).

**SECTION V. SEVERABILITY:** If any provision of this Agreement is held to be unenforceable for any reason: (i) such provision shall be reformed only to the extent necessary to make the intent of the language enforceable; and (ii) all other provisions of this Agreement shall remain in effect.



**SECTION W. CAMPAIGN CONTRIBUTION DISCLOSURE FORM:** A Campaign Contribution Disclosure Form was submitted as part of the Contractor's Response and is incorporated herein by reference for all purposes.

**SECTION X. LEGAL RECOGNITION OF ELECTRONIC SIGNATURES:** Pursuant to NMSA 1978 § 14-16-7, this Agreement may be signed by electronic signature.

**SECTION Y. DUPLICATE ORIGINAL DOCUMENTS:** This document may be executed in two (2) counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF,** the parties have executed this Agreement on the date(s) set forth opposite the signatures of their authorized representatives to be effective for all purposes on the date first written above.

**ATTEST**

**INCORPORATED COUNTY OF LOS ALAMOS**

\_\_\_\_\_  
**NAOMI D. MAESTAS**  
**COUNTY CLERK**

BY: \_\_\_\_\_  
**STEVEN LYNNE** **DATE**  
**COUNTY MANAGER**

**Approved as to form:**

\_\_\_\_\_  
**J. ALVIN LEAPHART**  
**COUNTY ATTORNEY**

**I.C. SYSTEM, INC.**

BY: \_\_\_\_\_  
**JOHN ERICKSON** **DATE**  
**PRESIDENT**

**Exhibit “A”**  
**I.C. System, Inc. Collection Strategy**  
**AGR21-57**

Contractor shall use, at a minimum, the collection process as described in Contractors’ Proposal and as excerpted herein as **Exhibit “A”** to collect on the accounts properly Placed by County with Contractor. Contractor shall notify County, in writing or via e-mail, of any substantial or material change to the process during the Term of the Agreement.

**Account Segmentation**

The first stage of our collection methodology begins with Account Segmentation. This stage enables IC System to create efficiencies in our approach by organizing the account inventory into distinct Segments, each with a unique work effort designed to improve recoveries.

Our Account Segmentation model is based on a machine learning algorithm developed by our scoring vendor NLP Logix. This complex algorithm uses proprietary demographic models, recovery scores built by our own proprietary model, and characteristics from similar debt experiences.

From this Account Segmentation model, we divide accounts into five Segments. These Segments will then dictate the approach we take to those accounts. For instance, the Segment determines number and frequency of letters and call attempts on an account.

With the segmentation model divided into five segments, the value of the segments range in priority from 1 to 5 (i.e. Segment 1 is the most valuable, and Segment 5 is the least valuable).

Account inventory will be spread across the five (5) Segments according to the results of each account’s scoring. Moreover, each account is evaluated regularly to determine the calling strategy of the segment.

Throughout the process, IC System follows a rigid performance review model to validate and refine our efforts. We use several internal touchpoints designed to prompt review and assessment of our strategy. During the first 30 days of our efforts on any new project, we monitor our efforts daily to ensure the strategy is a success.

Los Alamos County can be assured that IC System will follow analytical models to achieve maximum account penetration, both in terms of providing excellent performance and adhering to any contact restrictions. Our analytical models take state or federal laws collection restrictions into consideration, and this approach limits the risk to both IC System and our client. Data Scrubs follow Account Segmentation, which generally takes Place on the first day of placements.

**Data Scrubs**

To ensure the best possible information is on file, IC System engages collection industry vendors to provide us with the following data points within 24 hours of

account placement:

**Best Possible Mailing Address:** Vendors identify the best possible mailing address for the responsible party. Addresses are standardized to meet USPS guidelines to ensure the fastest possible mailing time.

**Bankruptcy & Deceased Identification:** IC System places all accounts with a vendor to ensure we are not actively collecting on accounts that may be part of a bankruptcy proceeding or where the responsible party is deceased. In addition to upfront identification of bankruptcy or deceased status, the vendor continues to monitor the account on behalf of IC System. If the responsible party becomes deceased or files bankruptcy after the initial account placement, we are notified. The account is then closed and the information is passed to the client.

**Mobile Phone Identification:** TCPA violations can be costly. To minimize the risk of dialing any cell phone number manually or predictively, IC System scrubs all phone numbers daily to ensure they are not mobile telephone numbers. Because IC System uses the LiveVox HCI dialing system to dial cell phones in a TCPA-compliant manner, we mitigate legal liability.

Several courts have found this method to be TCPA-compliant.

### **Intensive Collection Strategy**

With Account Segmentation and Data Scrubs complete, our Intensive Collection Strategy begins. This process involves a series of letters and calls, depending on the debt Segment in question.

**Letters:** Upon placement, accounts with a valid address receive the initial validation notice from IC System. The validation notice advises the Consumer of the balance due and notifies them of their rights as outlined by federal and state laws. If there is no address provided or the address is invalid, the account will be eligible for Skip Tracing.

In cases where our collection representatives contact a Consumer who has not had an initial validation notice mailed or the notice was returned due to a bad address, the validation notice will be resent.

After the initial validation notice, additional letters will be sent based on a review of the validation letter's effectiveness and an analysis of the account's subsequent recoverability. This approach gathers characteristic data about consumers who resolve their accounts, and then applies that understanding to new accounts Placed. As a result, letter treatment strategies are dynamic, and additional letters are applied to the accounts with the highest likelihood of paying based on past performance.

Accounts may also be subject to additional lettering based on activity taken on the account. These non-collection letters may include requests for additional information, receipt letters, attorney letters, debt validation, payment arrangement letters, pre-authorized payment reminders, and others.

Our in-house letter analysts review the effectiveness of our letter plans and make changes to enhance our lettering process. IC System can also send unique letters

via our ADHOC lettering tool. This allows IC System the ability to make changes and send additional letters / notices as the situation demands. Our ICET<sup>™</sup> collection software automatically sends all required follow-up letters / notices.

For example, IC System sends payment reminder letters for ongoing payment plans to ensure we are compliant with all state and federal laws.

IC System captures all letter / notice images and saves them to the account.

**E-mails:** IC System also allows the Consumer to provide an email address. We will communicate via email going forward if it is preferred. We use the same letter rules and regulations for emails.

**Calls:** IC System's approach to calls draws from our Account Segmentation model, based on a machine learning algorithm developed by our scoring vendor NLP Logix. The algorithm identifies patterns in Consumer historical payment behaviors, consisting of historical data and applies a 'probability-to-pay' score to similar or 'like parties' with outstanding accounts.

The Segmentation model consists of five Segments. The value of the Segments range in priority from 1 to 5 (i.e., Segment 1 is the most valuable, and Segment 5 is the least valuable). The client's inventory is spread across the five Segments based on the initial scoring of each account.

Our intensive collection strategy also staggers call attempts based on the account's position within our Segmentation models. Each account is evaluated regularly to determine the calling strategy.

Accounts typically follow the model below for call and letters.

Segment	Collection Efforts
<b>Segment 1</b> Balance of \$1500 or more	<b>Day 1-30</b> <ul style="list-style-type: none"> <li>• 2 call attempts per day, first 2 weeks from placement, up to 40 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort weekly</li> <li>• Manual skip tracing</li> <li>• Automated skip efforts</li> <li>• Validation Letter sent</li> </ul>
	<b>Day 31-60</b> <ul style="list-style-type: none"> <li>• 1 call attempt per day, up to 20 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Manual work effort by descending balance, bi-weekly</li> <li>• Compromise offer letter sent (if applicable)</li> </ul>
	<b>Day 61-120</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Manual work effort by descending balance, monthly</li> </ul>

	<b>Day 121-365</b> <ul style="list-style-type: none"> <li>• 1 call attempt per week</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort by descending balance, monthly</li> </ul>
	<b>Day 365+</b> Work efforts resume when new or additional information is acquired.
<b>Segment 2</b> Balance between \$750 and \$1499	<b>Day 1-30</b> <ul style="list-style-type: none"> <li>• 2 call attempts per day, first 2 weeks from placement, up to 40 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort weekly</li> <li>• Manual skip tracing</li> <li>• Automated skip efforts</li> <li>• Validation Letter sent</li> </ul>
	<b>Day 31-60</b> <ul style="list-style-type: none"> <li>• 1 call attempt per day, up to 20 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Manual work effort by descending balance, bi-weekly</li> <li>• Compromise offer letter sent (if applicable)</li> </ul>
	<b>Day 61-120</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Manual work effort by descending balance, monthly</li> </ul>
	<b>Day 121-365</b> <ul style="list-style-type: none"> <li>• 1 call attempt per week</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort by descending balance, monthly</li> </ul>
	<b>Day 365+</b> <ul style="list-style-type: none"> <li>• Work efforts resume when new or additional information is acquired</li> </ul>
<b>Segment 3</b> Balance between \$500 and \$749	<b>Day 1-30</b> <ul style="list-style-type: none"> <li>• 1 call attempt per day, first 2 weeks from placement, up to 20 calls/attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort weekly</li> <li>• Automated skip efforts</li> <li>• Validation Letter sent</li> </ul>
	<b>Day 31-60</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day, up to 10 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Manual work effort by descending balance, monthly</li> <li>• Compromise offer letter sent (if applicable)</li> </ul>
	<b>Day 61-120</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other week</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort by descending balance, monthly</li> </ul>

	<b>Day 121-365</b> <ul style="list-style-type: none"> <li>• 1 call attempt monthly</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 365+</b> <ul style="list-style-type: none"> <li>• Work efforts resume when new or additional information is acquired</li> </ul>
<b>Segment 4</b> Balance between \$125 and \$499	<b>Day 1-30</b> <ul style="list-style-type: none"> <li>• 1 call attempt per day, first 2 weeks from placement, up to 20 calls/attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Manual work effort weekly</li> <li>• Automated skip efforts</li> <li>• Validation Letter sent</li> </ul>
	<b>Day 31-60</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day, up to 10 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Compromise offer letter sent (if applicable)</li> </ul>
	<b>Day 61-120</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other week dialer rotation</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 121-365</b> <ul style="list-style-type: none"> <li>• 1 call attempt monthly</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 365+</b> <ul style="list-style-type: none"> <li>• Work efforts resume when new or additional information is acquired</li> </ul>
<b>Segment 5</b> Balance equal to or less than \$124.99	<b>Day 1-30</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day dialer rotation, up to 10 call attempts</li> <li>• Inbound IVR available 24/7</li> <li>• Automated skip efforts</li> <li>• Validation Letter sent</li> </ul>
	<b>Day 31-60</b> <ul style="list-style-type: none"> <li>• 1 call attempt every other day dialer rotation, up to 10 call attempts</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 61-120</b> <ul style="list-style-type: none"> <li>• 1 call attempt monthly</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 121-365</b> <ul style="list-style-type: none"> <li>• 1 call attempt monthly dialer rotation</li> <li>• Inbound IVR available 24/7</li> </ul>
	<b>Day 365+</b> <ul style="list-style-type: none"> <li>• Work efforts resume when new or additional information is acquired</li> </ul>

### Payment Demand Flow

IC System collection representatives request the balance to be paid in full on every contact. If the Consumer is unable to pay the full balance, our collection

representatives will begin to probe financial resources, while at the same time applying our negotiation order to determine a payment plan that improves the financial outcomes of both the Consumer and our client. Our collection representatives have a standard flow for payment negotiations, but the below guide will be modified based on the client's specific requirements.

### **Noting Accounts**

After each call, a collection representative records notes in our system based on the outcome of the call, whether it be a conversation with the Consumer or a third party and trigger a follow-up event which may be one or more of the following:

- **Contacted Priority Follow-Up:** The Consumer's account is updated with a follow-up date based on the outcome of the call.
- **Promise to Pay:** A payment arrangement has been agreed upon. The account will be removed from active collections and put into a collection representative's ownership. The account will be monitored until it is paid in full.
- **Canceled Payment or NSF:** If the status of account changes the collection representative is notified that the arrangement is broken. With the account no longer in a paying status, the account is now eligible for active collections again.
- **Spinner Phones:** The Consumer's phone is updated as a 'spinner' which is a number that we believe to be correct, but we remain unable to reach the Consumer using that number. These accounts are then called at varied times to reach the Consumer.
- **Skip Tracing:** Once all phone numbers on file are considered invalid, an account is flagged for Skip Tracing.

### **Contact Strategy**

Our Call Center Command monitors all calling campaigns to ensure we consistently have the proper number of calls available. We do not use separate outbound and inbound teams. We have found that a blended calling strategy of outbounds and inbounds, with a priority Placed on inbound calls, maximizes efficiency.

Call Center Command varies the time of scheduled dialing campaigns. A strategically fluctuating campaign schedule ensures consumers receive calls at different times throughout the day.

Our Contact Strategy is also designed to ensure compliance with all state and federal calling restrictions thanks to our Call Center Command and ICE™. Additionally, our calling system records every call. Each call remains in storage for a minimum of five (5) years. Higher value accounts are manually assigned to ensure work effort. Furthermore, manual efforts are taken in addition to call center technology. This is done through ICE™.

### **Skip Tracing**

IC System's Skip Tracing model unfolds over three steps:

**Step 1:** Upon account placement, ICET<sup>TM</sup> will Scrub all accounts against our national databases to determine whether a phone number is a landline or cell phone. The initial Scrub will also gather any supplementary contact data and filter the account for possible exceptions (bankruptcy, deceased, etc.).

**Step 2:** If an account has no phone number, it will be Skip Traced. If the first vendor attempted does not provide a new phone number, we will then send that account to a second vendor to locate a new phone number.

**Step 3:** If an account has a valid phone number provided by the client, and we determine that number is no longer a valid phone number during the collection process, the account will be submitted to Skip Tracing. If the first vendor does not provide a new phone number, we will then send that account to a second vendor to locate a new phone number.

### **Skip Tracing by Balance Range**

The balance size affects the frequency of Skip Tracing in our model. Using data learned about the average promise to pay and dollars collected per call on Skip Traced accounts in the past, IC System's Skip Tracing model varies based on the balance size. Based on the historical returns of the balance segments detailed below, we add additional Skip Tracing efforts to those balance segments that have proven more likely to pay.

**Balances \$0-\$500:** IC System Skip Traces accounts once all known numbers are determined to be invalid. Our vendors will then look for additional information every 10 days for the first 90 days of the account.

**Balances \$501-\$1,000:** IC System Skip Traces accounts once all known numbers are determined to be invalid, and then we will have our vendors look for additional contact information every 30 days for the first 90 days of the account.

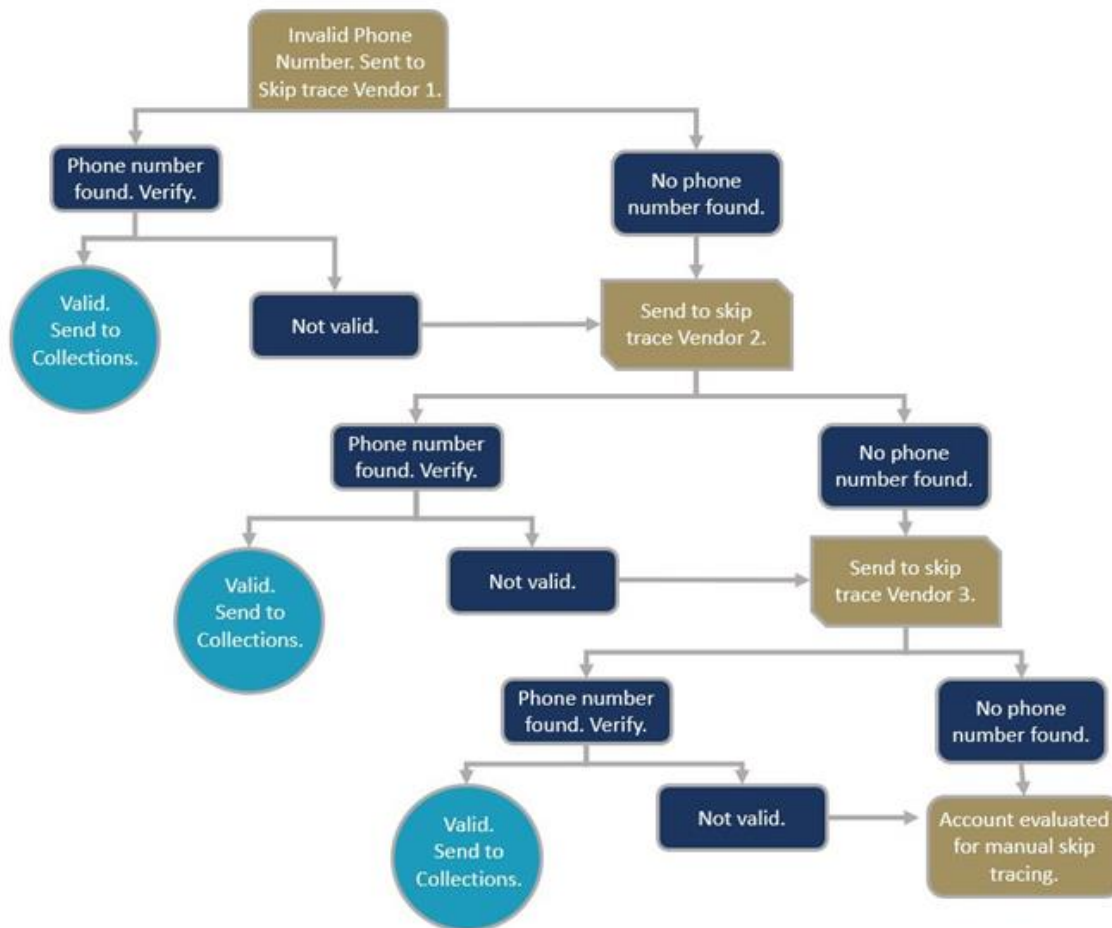
**Balances \$2,500-\$5,000:** IC System Skip Traces accounts once all known numbers are determined to be invalid. Our vendors will then look for additional information every 10 days for the first 90 days of the account.

**Balances \$5000+:** IC System Skip Traces accounts once all numbers are determined to be invalid. Our vendors will then look for additional information every 10 days for the first 90 days of the account.

Depending on the age and value of the information the client provides, we may follow the above process regardless of whether we have a valid phone number on file.

Additionally, our Skip Tracing abilities are not limited. We can modify plans and balance ranges if we find the returns are better in different ranges.





## Manual Skip Tracing Process

In addition to ICET™ systematic Skip Tracing process, manual Skip Tracing efforts may be required. Manual Skip Tracing will be applied to an account in two instances:

1. If an account has been assigned to a collection representative and he/she determines additional information is required.
2. If we determine additional information is needed on accounts beyond what is provided. In the latter case, an account may already have two working numbers for collection representatives to call, but additional data may increase the likelihood of recovery depending on the demographics of the account.

IC System utilizes work queues that auto-refresh. Collection representatives work the highest value accounts first as determined by our Segmentation model. In addition to balance and age of debt, the work queues sort themselves by recent work history. This allows accounts that have not been skipped to take priority.

The manual Skip Tracing inventory is separated into three work queues:

- Segments 1-2 worked every 14 days
- Segment 3 worked monthly
- Segment 4-5 worked every other month

Below is a list of manual resources that our collection representatives utilize to Skip trace effectively:

- 411.com
- Accurint
- Addresses.com
- CBC Innovis
- Experian
- Dexknows
- Google.com
- White Pages

**Exhibit “B”**  
**Online Reporting Capabilities and Tools**  
**AGR21-57**

Contractor, throughout the Term of the Agreement, shall provide County, at a minimum, the online reporting capabilities and tools to generate ad hoc reports as described below.

- 1) Reports shall be standardized to support collection activities, financial reporting, and online account management.
- 2) County shall have the ability to generate reports based on date parameters and sorting options selected by County.
- 3) Reports shall be exportable to, at a minimum, the following formats:
  - XML file with report data
  - CSV
  - PDF
  - MHTML
  - Microsoft Excel
  - TIFF
  - Microsoft Word
- 4) Reports shall include, but shall not be limited to the following:

Report Name	Description
Statement Report (Invoice)	These combined reports include a Statement that lists the date of payment, name of the consumer, client identification number, payment status (SIF, PIF), gross payment amount, agency fee, and client portion. The report also includes an Invoice that displays the amount due to the client, the amount due to IC System and associated other totals.
Batch Track Report	This report shows monthly batch placements by count and dollars submitted, collections against those placements on a monthly basis, and recovery percentages of those collections by month. The report also displays remaining inventory for each batch and value of accounts recalled or closed. The report can be delivered according to client specifications and has flexible options for display.
Close and Return Report	This is a report of accounts worked by IC System that are deemed uncollectable. These include persistent skips, bankruptcies, deceased responsible party, no asset indigent, and recall/cancels. IC System maintains an online archival system where all records, complete with all work effort and coding, including closure reasons, are stored. These accounts may be accessed and displayed for viewing.

Collection Effectiveness (Stair Step) Report	Similar to a batch track, this report (often called a stair step report) details amounts collected each month per batch, for the history of the batch.
Debt Acknowledgement Report	A report used to balance both the dollar value and number of debts against the customer's placement. This report is also available for the client to run using the Online Tools application.
Inventory Progress Report	On-demand inventory reports (Detail and Summary versions) that sort and present a client's responsible party in any order. The detail report includes the client account numbers and shows current account status descriptions. The summary report presents totals by category.
Special Activity Report	A weekly report containing information about special accounts including bankruptcies, deceased, fraud, disputes, etc.
Client Payments and Reversals	This ad-hoc report can be pulled via our Online Tools. It shows payments, NSF or reversals, and transaction detail within a given time frame. Transaction detail includes account and responsible party information, entry and payment dates, amount, and transaction type.