

CITY CLERK ORIGINAL

C-8181
09/25/2012

AGREEMENT FOR COLLECTION SERVICES

City of Glendale Solicitation No. RFP 12-36

This Agreement for Collection Services ("Agreement") is effective and entered into between City of Glendale, an Arizona municipal corporation ("City"), and Progressive Financial Services, Inc. dba PFS/Progressive Financial Services, Inc. (FN), a Pennsylvania corporation, authorized to do business in Arizona, (the "Contractor"), as of the 25th day of September 2012.

RECITALS

- A. City intends to undertake a project for collection agency services for the benefit of the public and with public funds as more fully set forth in **Exhibit A** (the "Project");
- B. City desires to retain the services of Contractor to perform those specific duties and produce the specific work as set forth in the Project attached hereto; and
- C. City and Contractor desire to memorialize their agreement with this document.

AGREEMENT

In consideration of the Recitals, which are confirmed as true and correct and incorporated by this reference, the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, City and Contractor agree as follows:

1. Key Personnel; Subcontractors.

- 1.1 Services. Contractor will provide all services necessary to assure the Project is completed timely and efficiently consistent with Project requirements, including, but not limited to, working in close interaction and interfacing with City and its designated employees, and working closely with others, including other contractors or consultants, retained by City.
- 1.2 Project Team.
 - A. Project Manager.
 - (1) Contractor will designate an employee as Project Manager with sufficient training, knowledge, and experience to, in the City's option, complete the Project and handle all aspects of the Project such that the work produced by Contractor is consistent with applicable standards as detailed in this Agreement;
 - (2) The City must approve the designated Project Manager; and
 - (3) To assure the Project schedule is met, Project Manager may be required to devote no less than a specific amount of time as set out in Exhibit A.
 - B. Project Team.
 - (1) The Project Manager and all other employees assigned to the project by Contractor will comprise the "Project Team."
 - (2) Project Manager will have responsibility for and will supervise all other employees assigned to the project by Contractor.
 - C. Discharge, Reassign, Replacement.
 - (1) Contractor acknowledges the Project Team is comprised of the same persons and roles for each as may have been identified in the response to the Project's solicitation.

- (2) Contractor will not discharge, reassign or replace or diminish the responsibilities of any of the employees assigned to the Project who have been approved by City without City's prior written consent unless that person leaves the employment of Contractor, in which event the substitute must first be approved in writing by City.
- (3) Contractor will change any of the members of the Project Team at the City's request if an employee's performance does not equal or exceed the level of competence that the City may reasonably expect of a person performing those duties or if the acts or omissions of that person are detrimental to the development of the Project.

D. Subcontractors.

- (1) Contractor may engage specific technical contractor (each a "Subcontractor") to furnish certain service functions.
- (2) Contractor will remain fully responsible for Subcontractor's services.
- (3) Subcontractors must be approved by the City, unless the Subcontractor was previously mentioned in the response to the solicitation.
- (4) Contractor shall certify by letter that contracts with Subcontractors have been executed incorporating requirements and standards as set forth in this Agreement.

2. **Schedule.** The services will be undertaken in a manner that ensures the Project is completed timely and efficiently in accordance with the Project.

3. **Contractor's Work.**

3.1 Standard. Contractor must perform services in accordance with the standards of due diligence, care, and quality prevailing among contractors having substantial experience with the successful furnishing of services for projects that are equivalent in size, scope, quality, and other criteria under the Project and identified in this Agreement.

3.2 Licensing. Contractor warrants that:

- A. Contractor and Subcontractors will hold all appropriate and required licenses, registrations and other approvals necessary for the lawful furnishing of services ("Approvals"); and
- B. Neither Contractor nor any Subcontractor has been debarred or otherwise legally excluded from contracting with any federal, state, or local governmental entity ("Debarment").
 - (1) City is under no obligation to ascertain or confirm the existence or issuance of any Approvals or Debarments or to examine Contractor's contracting ability.
 - (2) Contractor must notify City immediately if any Approvals or Debarment changes during the Agreement's duration and the failure of the Contractor to notify City as required will constitute a material default under the Agreement.

3.3 Compliance. Services will be furnished in compliance with applicable federal, state, county and local statutes, rules, regulations, ordinances, building codes, life safety codes, and other standards and criteria designated by City.

3.4 Coordination; Interaction.

- A. For projects that the City believes requires the coordination of various professional services, Contractor will work in close consultation with City to proactively interact with any other professionals retained by City on the Project ("Coordinating Project Professionals").
- B. Subject to any limitations expressly stated in the Project Budget, Contractor will meet to review the Project, Schedule, Project Budget, and in-progress work with Coordinating

Project Professionals and City as often and for durations as City reasonably considers necessary in order to ensure the timely work delivery and Project completion.

- C. For projects not involving Coordinating Project Professionals, Contractor will proactively interact with any other contractors when directed by City to obtain or disseminate timely information for the proper execution of the Project.

3.5 Work Product.

- A. Ownership. Upon receipt of payment for services furnished, Contractor grants to City, and will cause its Subcontractors to grant to the City, the exclusive ownership of and all copyrights, if any, to evaluations, reports, drawings, specifications, project manuals, surveys, estimates, reviews, minutes, all "architectural work" as defined in the United States Copyright Act, 17 U.S.C § 101, *et seq.*, and other intellectual work product as may be applicable ("Work Product").
 - (1) This grant is effective whether the Work Product is on paper (e.g., a "hard copy"), in electronic format, or in some other form.
 - (2) Contractor warrants, and agrees to indemnify, hold harmless and defend City for, from and against any claim that any Work Product infringes on third-party proprietary interests.
- B. Delivery. Contractor will deliver to City copies of the preliminary and completed Work Product promptly as they are prepared.
- C. City Use.
 - (1) City may reuse the Work Product at its sole discretion.
 - (2) In the event the Work Product is used for another project without further consultations with Contractor, the City agrees to indemnify and hold Contractor harmless from any claim arising out of the Work Product.
 - (3) In such case, City shall also remove any seal and title block from the Work Product.

4. **Compensation for the Project.**

- 4.1 Compensation. Contractor's compensation for the Project, including those furnished by its Subcontractors will be at the rate of 15% of collected funds, as more specifically detailed in **Exhibit B** (the "Compensation").
- 4.2 Change in Scope of Project. The Compensation may be equitably adjusted if the originally contemplated scope of services as outlined in the Project is significantly modified.
 - A. Adjustments to the Compensation require a written amendment to this Agreement and may require City Council approval.
 - B. Additional services which are outside the scope of the Project contained in this Agreement may not be performed by the Contractor without prior written authorization from the City.

5. **Billings and Payment.**

- 5.1 Applications.
 - A. Contractor will submit monthly invoices (each, a "Payment Application") to City's Project Manager and City will remit payments based upon the Payment Application as stated below.
 - B. The period covered by each Payment Application will be one calendar month ending on the last day of the month or as specified in the solicitation.

5.2 Payment.

- A. After a full and complete Payment Application is received, City will process and remit payment within 30 days.
- B. Payment may be subject to or conditioned upon City's receipt of:
 - (1) Completed work generated by Contractor and its Subcontractors; and
 - (2) Unconditional waivers and releases on final payment from Subcontractors as City may reasonably request to assure the Project will be free of claims arising from required performances under this Agreement.

5.3 Review and Withholding. City's Project Manager will timely review and certify Payment Applications.

- A. If the Payment Application is rejected, the Project Manager will issue a written listing of the items not approved for payment.
- B. City may withhold an amount sufficient to pay expenses that City reasonably expects to incur in correcting the deficiency or deficiencies rejected for payment.

6. **Termination.**

6.1 For Convenience. City may terminate this Agreement for convenience, without cause, by delivering a written termination notice stating the effective termination date, which may not be less than 30 days following the date of delivery.

- A. Contractor will be equitably compensated for Service and Repair furnished prior to receipt of the termination notice and for reasonable costs incurred.
- B. Contractor will also be similarly compensated for any approved effort expended and approved costs incurred that are directly associated with project closeout and delivery of the required items to the City.

6.2 For Cause. City may terminate this Agreement for cause if Contractor fails to cure any breach of this Agreement within seven days after receipt of written notice specifying the breach.

- A. Contractor will not be entitled to further payment until after City has determined its damages. If City's damages resulting from the breach, as determined by City, are less than the equitable amount due but not paid Contractor for Service and Repair furnished, City will pay the amount due to Contractor, less City's damages, in accordance with the provision of § 5.
- B. If City's direct damages exceed amounts otherwise due to Contractor, Contractor must pay the difference to City immediately upon demand; however, Contractor will not be subject to consequential damages of more than \$1,000,000 or the amount of this Agreement, whichever is greater.

7. **Conflict.** Contractor acknowledges this Agreement is subject to A.R.S. § 38-511, which allows for cancellation of this Agreement in the event any person who is significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on City's behalf is also an employee, agent, or consultant of any other party to this Agreement.

8. **Insurance.**

8.1 Requirements. Contractor must obtain and maintain the following insurance ("Required Insurance"):

- A. Contractor and Subcontractors. Contractor, and each Subcontractor performing work or providing materials related to this Agreement must procure and maintain the insurance coverages described below (collectively referred to herein as the "Contractor's Policies"), until each Party's obligations under this Agreement are completed.

- B. **General Liability.** Commercial General Liability insurance shall cover liability arising from bodily injury, property damage, products-completed operations, personal and advertising injury, independent Contractors, and broad form contractual coverage.
- (1) Contractor must at all times relevant hereto carry a commercial general liability policy with a combined single limit of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate for each property damage and contractual property damage claim. Coverage must include products-completed operations and personal and advertising injury coverages with these same limits.
 - (2) Subcontractors must at all times relevant hereto carry a general commercial liability policy with a combined single limit of at least \$1,000,000 per occurrence.
 - (3) This commercial general liability insurance must include independent contractors' liability, contractual liability, broad form property coverage, XCU hazards if requested by the City, and a separation of insurance provision.
 - (4) These limits may be met through a combination of primary and excess liability coverage.
- C. **Auto.** A business auto policy including bodily injury and property damage for any owned, hired, and non-owned vehicles used in the performance of the services providing combined single limit coverage of at least \$1,000,000 per accident for Contractor and \$1,000,000 per accident for Subcontractors.
- D. **Workers' Compensation and Employer's Liability.** A workers' compensation and employer's liability policy that complies with statutory minimum and provides at least the following minimum benefits:
- Workers' Compensation: Statutory Employer's Liability
Each Accident: \$100,000
Disease-Each Employee: \$100,000
Disease-Policy Limit: \$500,000
- E. **Professional Liability (Errors and Omissions).** Contractor must maintain a professional errors and omissions liability policy providing for acts or omission arising out of the collection agency services provided under this Agreement providing a minimum limit of \$1,000,000 for each claim and a \$2,000,000 annual aggregate limit.
- F. **Notice of Changes.** Contractor's Policies must provide for not less than 30 days' advance written notice to City Representative of:
- (1) Cancellation or termination of Contractor or Subcontractor's Policies;
 - (2) Reduction of the coverage limits of any of Contractor or and Subcontractor's Policies; and
 - (3) Any other material modification of Contractor or Subcontractor's Policies related to this Agreement.
- G. **Certificates of Insurance.**
- (1) Within ten business days after the execution of the Agreement, Contractor must deliver to City Representative certificates of insurance for each of Contractor and Subcontractor's Policies, which will confirm the existence or issuance of Contractor and Subcontractor's Policies in accordance with the provisions of this section, and copies of the endorsements of Contractor and Subcontractor's Policies in accordance with the provisions of this section.

(2) City is and will be under no obligation either to ascertain or confirm the existence or issuance of Contractor and Subcontractor's Policies, or to examine Contractor and Subcontractor's Policies, or to inform Contractor or Subcontractor in the event that any coverage does not comply with the requirements of this section.

(3) Contractor's failure to secure and maintain Contractor Policies and to assure Subcontractor policies as required will constitute a material default under the Agreement.

H. Other Contractors or Vendors.

(1) Other contractors or vendors that may be contracted with in connection with the Project must procure and maintain insurance coverage as is appropriate to their particular contract.

(2) This insurance coverage must comply with the requirements set forth above for Contractor's Policies (e.g., the requirements pertaining to endorsements to name the parties as additional insured parties and certificates of insurance).

I. Policies. Except with respect to workers' compensation and employer's liability coverages, City must be named and properly endorsed as additional insureds on all liability policies required by this section.

(1) The coverage extended to additional insureds must be primary and must not contribute with any insurance or self insurance policies or programs maintained by the additional insureds.

(2) All insurance policies obtained pursuant to this section must be with companies legally authorized to do business in the State of Arizona and reasonably acceptable to all parties.

8.2 Subcontractors.

A. Contractor must also cause its Subcontractors to obtain and maintain the Required Insurance.

B. City may consider waiving these insurance requirements for a specific Subcontractor if City is satisfied the amounts required are not commercially available to the Subcontractor and the insurance the Subcontractor does have is appropriate for the Subcontractor's work under this Agreement.

C. Contractor and Subcontractors must provide to the City proof of the Required Insurance whenever requested.

8.3 Indemnification.

A. To the fullest extent permitted by law, Contractor must defend, indemnify, and hold harmless City and its elected officials, officers, employees and agents (each, an "Indemnified Party," collectively, the "Indemnified Parties"), for, from, and against any and all claims, demands, actions, damages, judgments, settlements, personal injury (including sickness, disease, death, and bodily harm), property damage (including loss of use), infringement, governmental action and all other losses and expenses, including attorneys' fees and litigation expenses (each, a "Demand or Expense"; collectively, "Demands or Expenses") asserted by a third-party (i.e. a person or entity other than City or Contractor) and that arises out of or results from the breach of this Agreement by the Contractor or the Contractor's negligent actions, errors or omissions (including any Subcontractor or other person or firm employed by Contractor), whether sustained before or after completion of the Project.

B. This indemnity and hold harmless provision applies even if a Demand or Expense is in part due to the Indemnified Party's negligence or breach of a responsibility under this

Agreement, but in that event, Contractor shall be liable only to the extent the Demand or Expense results from the negligence or breach of a responsibility of Contractor or of any person or entity for whom Contractor is responsible.

- C. Contractor is not required to indemnify any Indemnified Parties for, from, or against any Demand or Expense resulting from the Indemnified Party's sole negligence or other fault solely attributable to the Indemnified Party.

9. Immigration Law Compliance.

- 9.1 Contractor, and on behalf of any subcontractor, warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.
- 9.2 Any breach of warranty under this section is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement.
- 9.3 City retains the legal right to inspect the papers of any Contractor or subcontractor employee who performs work under this Agreement to ensure that the Contractor or any subcontractor is compliant with the warranty under this section.
- 9.4 City may conduct random inspections, and upon request of City, Contractor shall provide copies of papers and records of Contractor demonstrating continued compliance with the warranty under this section. Contractor agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this section.
- 9.5 Contractor agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon Contractor and expressly accrue those obligations directly to the benefit of the City. Contractor also agrees to require any subcontractor to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the City.
- 9.6 Contractor's warranty and obligations under this section to the City is continuing throughout the term of this Agreement or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.
- 9.7 The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

10. Foreign Prohibitions. Contractor certifies under A.R.S. §§ 35-391 *et seq.* and 35-393 *et seq.*, that it does not have, and during the term of this Agreement will not have, "scrutinized" business operations, as defined in the preceding statutes, in the countries of Sudan or Iran.

11. Notices.

- 11.1 A notice, request or other communication that is required or permitted under this Agreement (each a "Notice") will be effective only if:
 - A. The Notice is in writing; and
 - B. Delivered in person or by overnight courier service (delivery charges prepaid), certified or registered mail (return receipt requested); and
 - C. Notice will be deemed to have been delivered to the person to whom it is addressed as of the date of receipt, if:

- (1) Received on a business day, or before 5:00 p.m., at the address for Notices identified for the Party in this Agreement by U.S. Mail, hand delivery, or overnight courier service on or before 5:00 p.m.; or
- (2) As of the next business day after receipt, if received after 5:00 p.m.
- D. The burden of proof of the place and time of delivery is upon the Party giving the Notice; and
- E. Digitalized signatures and copies of signatures will have the same effect as original signatures.

11.2 Representatives.

- A. Contractor. Contractor's representative (the "Contractor's Representative") authorized to act on Contractor's behalf with respect to the Project, and his or her address for Notice delivery is:

Progressive Financial Services, Inc.
 c/o Greg Lang, Vice President
 1919 West Fairmont Drive, Building 8
 Tempe, Arizona 85282

- B. City. City's representative ("City's Representative") authorized to act on City's behalf, and his or her address for Notice delivery is:

City of Glendale
 c/o Susan Matousek, Revenue Administrator
 5850 West Glendale Avenue
 Glendale, Arizona 85301
 623-930-2592

With required copy to:

City Manager
 City of Glendale
 5850 West Glendale Avenue
 Glendale, Arizona 85301

City Attorney
 City of Glendale
 5850 West Glendale Avenue
 Glendale, Arizona 85301

- C. Concurrent Notices.
 - (1) All notices to City's representative must be given concurrently to City Manager and City Attorney.
 - (2) A notice will not be deemed to have been received by City's representative until the time that it has also been received by City Manager and City Attorney.
 - (3) City may appoint one or more designees for the purpose of receiving notice by delivery of a written notice to Contractor identifying the designee(s) and their respective addresses for notices.
- D. Changes. Contractor or City may change its representative or information on Notice, by giving Notice of the change in accordance with this section at least ten days prior to the change.

12. **Financing Assignment.** City may assign this Agreement to any City-affiliated entity, including a non-profit corporation or other entity whose primary purpose is to own or manage the Project.

13. **Entire Agreement; Survival; Counterparts; Signatures.**

13.1 Integration. This Agreement contains, except as stated below, the entire agreement between City and Contractor and supersedes all prior conversations and negotiations between the parties regarding the Project or this Agreement.

- A. Neither Party has made any representations, warranties or agreements as to any matters concerning the Agreement's subject matter.
- B. Representations, statements, conditions, or warranties not contained in this Agreement will not be binding on the parties.
- C. The solicitation, any addendums and the response submitted by the Contractor are incorporated into this Agreement as if attached hereto. Any Contractor response modifies the original solicitation as stated. Inconsistencies between the solicitation, any addendums and the response or any excerpts attached as Exhibit A and this Agreement will be resolved by the terms and conditions stated in this Agreement.

13.2 Interpretation.

- A. The parties fairly negotiated the Agreement's provisions to the extent they believed necessary and with the legal representation they deemed appropriate.
- B. The parties are of equal bargaining position and this Agreement must be construed equally between the parties without consideration of which of the parties may have drafted this Agreement.
- C. The Agreement will be interpreted in accordance with the laws of the State of Arizona.

13.3 Survival. Except as specifically provided otherwise in this Agreement, each warranty, representation, indemnification and hold harmless provision, insurance requirement, and every other right, remedy and responsibility of a Party, will survive completion of the Project, or the earlier termination of this Agreement.

13.4 Amendment. No amendment to this Agreement will be binding unless in writing and executed by the parties. Any amendment may be subject to City Council approval. Electronic signature blocks do not constitute execution.

13.5 Remedies. All rights and remedies provided in this Agreement are cumulative and the exercise of any one or more right or remedy will not affect any other rights or remedies under this Agreement or applicable law.

13.6 Severability. If any provision of this Agreement is voided or found unenforceable, that determination will not affect the validity of the other provisions, and the voided or unenforceable provision will be deemed reformed to conform to applicable law.

13.7 Counterparts. This Agreement may be executed in counterparts, and all counterparts will together comprise one instrument.

14. **Term.** The term of this Agreement commences upon the effective date and continues for a three (3) year initial period. The City may, at its option and with the approval of the Contractor, extend the term of this Agreement two (2) additional years, renewable on an annual basis based upon satisfactory Contractor performance. Contractor will be notified in writing by the City of its intent to extend the Agreement period at least 30 calendar days prior to the expiration of the original or any renewal Agreement period. Price adjustments will only be reviewed during the Agreement renewal period. There are no automatic renewals of this Agreement.

15. **Dispute Resolution.** Each claim, controversy and dispute (each a "Dispute") between Contractor and City will be resolved in accordance with Exhibit C. The final determination will be made by the City.

16. **Exhibits.** The following exhibits, with reference to the term in which they are first referenced, are incorporated by this reference.

- Exhibit A Project
- Exhibit B Compensation
- Exhibit C Dispute Resolution

17. **Incorporation of Other Documents and Order of Precedence.** The documents listed below are incorporated into and made a part of this Agreement. In interpreting this Agreement and resolving any ambiguities, the main body of this Agreement and Exhibits A, B, and C take precedence over these documents and any inconsistency between the following documents will be resolved in their listed order:

1. Final Negotiations dated July 27, 2012
2. Best and Final Offer dated July 25, 2012
3. Contractor's Response/Offer to Solicitation No. RFP 12-36
4. Solicitation No. RFP 12-36, including Addenda No. 1 and No. 2

The parties enter into this Agreement as of the effective date shown above.

City of Glendale,
an Arizona municipal corporation



Horatio Skeete, Acting City Manager

ATTEST:



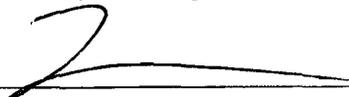
City Clerk (SEAL)

APPROVED AS TO FORM:



City Attorney

Progressive Financial Services, Inc. dba PFS/Progressive
Financial Services, Inc. (FN),
a Pennsylvania corporation



By: Wesley Hall

Its: C.F.S.

EXHIBIT A

Progressive Financial Services, Inc. dba PFS/Progressive Financial Services, Inc. (FN)

PROJECT

[see attached]

2.3.4 SPECIFICATIONS

1.3.1 Collection Agency Services

The Contractor shall provide collection services with respect to accounts referred by the City. The services should be designed to achieve the maximum recovery of debts and shall include without limitation telephone calls, mail efforts and skip tracing procedures. The Contractor shall furnish any and all material, labor and services required to perform and provide collection services as required by and to the satisfaction of the City.

Progressive will provide collection services with respect to accounts referred by the City of Glendale. Progressive has designed these services to achieve the maximum recovery of debts and includes without limitation telephone calls, mail efforts and skip tracing procedures. Progressive will furnish any and all material, labor and services required to perform and provide collection services as required by and to the satisfaction of the City. Progressive has provided information regarding our collection capabilities in sections **2.3.7 WORK CAPACITY** and **2.3.8 METHOD OF APPROACH**.

1.3.2 Compliance with Laws and Business Standards

All collection services and related activities shall comply with federal, state and local laws or regulations. All collection services and related activities shall be courteous and businesslike and shall comply with the Fair Debt Practices Act. Communication with delinquent account holders shall be made under the name of the Contractor. The Contractor shall not represent itself to be an employee or agent of the City. The City shall have the right to approve all standard form letters which are sent to delinquent account holders.

Compliance with Collection Regulations

All employees must be educated in and follow the requirements of all collection agency regulations, including:

- ✓ The Fair Debt Collection Practices Act (FDCPA)
- ✓ The Fair Credit Reporting Act (FCRA)
- ✓ The Gramm-Leach-Bliley Act (GLBA)
- ✓ Health Insurance Portability and Accountability Act (HIPAA)
- ✓ Identity Theft Red Flags Rules
- ✓ Payment Card Industry Data Security Standard Security Requirements (PCI DSS)
- ✓ Individual state laws, regulations, and policies
- ✓ The Privacy Act of 1974 (5 U.S.C. 552a) as amended
- ✓ Title 34 of the Code of Federal Regulations
 - Higher Education Act of 1965 (HEA) 34 CFR Parts 674 * 668
 - Title IV Federal Financial Aid Administration
- ✓ Family Educational Rights and Privacy Act (FERPA)
- ✓ Federal Higher Education Act (FHEA)
- ✓ All other applicable state and federal laws

Progressive employs software and hardware safeguards to keep employees in compliance with the requirements governing our industry. The two main software products that assist with compliance are the BFrame collection software and the Noble Phone System.

BFrame has been configured with several state and federal regulation protections, and collectors are provided with documentation on the main screen of the collection account detailing state specific regulations. In addition, the BFrame system has been modified to block all out of time zone numbers until the state where the account resides becomes available for dialing based on FDCPA restrictions. Progressive is frequently working with our software programmers to implement safeguards that prevent the collectors from inadvertently calling accounts in violation of regulations.

The Noble Phone System software has a number of features used for compliance with the FDCPA and state regulations. The Noble Phone System has an additional safeguard that allows the Information Technology Department to program in all area codes and time zones. For all calls made through our dialing software, Progressive is effectively able to block any calls that would be made to an inappropriate time zone or area. Noble also provides the ability to build campaigns using advanced SQL statements, enabling our collection managers to build their campaigns based on specific dialing strategies that will effectively dial the accounts for maximum recovery and conform to all regulations.

All telephone calls that are made from our Noble Phone System are recorded and monitored for quality assurance. The recording and monitoring features in the system allow us to review our collectors' actions on accounts in an effort to improve future communications, work on collection efforts, review compliance with regulations, and review disputes in a timely and efficient manner. As managers may review any call from their desk, collectors that work for Progressive are more mindful of the regulations and proper account handling procedures.

Progressive does not rely solely on software and hardware for compliance: Progressive also maintains an Audit and Compliance team of five individuals, as well as onsite corporate counsel. These individuals are responsible for monitoring changes within the collection industry and informing all staff of any changes that have occurred or may occur in the future. Louis P Valerio, Progressive's Chief Executive Officer, is a former President of the ACA's Arizona Chapter and becomes aware of upcoming and probable changes ahead of our competition. This enables Progressive to be one of the first national collection agencies to comply with new regulations and to make changes long in advance of the rulings being applied by the state or federal government.

The Audit and Compliance Department takes the following steps when any changes occur to state or federal regulations:

- ✓ Notify all employees of any changes in the regulatory requirements and update all reference materials used by Progressive Financial Services, Inc. staff
- ✓ Review and approve all notices in use as compliant with regulatory requirements by an ACA certified MAP attorney
- ✓ Inspect automated processes to ensure compliance with all regulatory requirements
- ✓ Hold regular training classes to review laws

1.3.3 Data Exchange

The Contractor shall provide a secure method of data file exchange. The Contractor shall meet with authorized City representatives to mutually agree upon a method and format to provide data exchange with the City.

Progressive will meet with authorized City of Glendale representatives to mutually agree upon a method and format to provide data exchange with the City. In section **2.3.8 METHOD OF APPROACH** is a summary of how Progressive currently handles data exchange for the City of Glendale Housing authority. Progressive can modify this procedure to match the exact needs of the City of Glendale.

1.3.4 Computer Enhancements

The Contractor shall pay all costs associated with any system enhancements, upgrades, or other changes that reasonably need to be performed on the Contractor’s computer system for the Contractor to meet the service requirements.

Progressive will pay for all costs associated with any system enhancements, upgrades, or other changes that reasonably need to be performed on Progressive’s computer system in order to meet the service requirements. Progressive has provided an overview of our technological capabilities below.

Technology

Progressive uses technology to our benefit as we continue to be on the cutting edge with secure technology and network systems. By leveraging technology and placing an emphasis on security metrics, Progressive can develop and maintain new technological processes geared specifically for the City of Glendale’s needs. Progressive is constantly updating our security policies and procedures to ensure that we are operating effectively and efficiently.

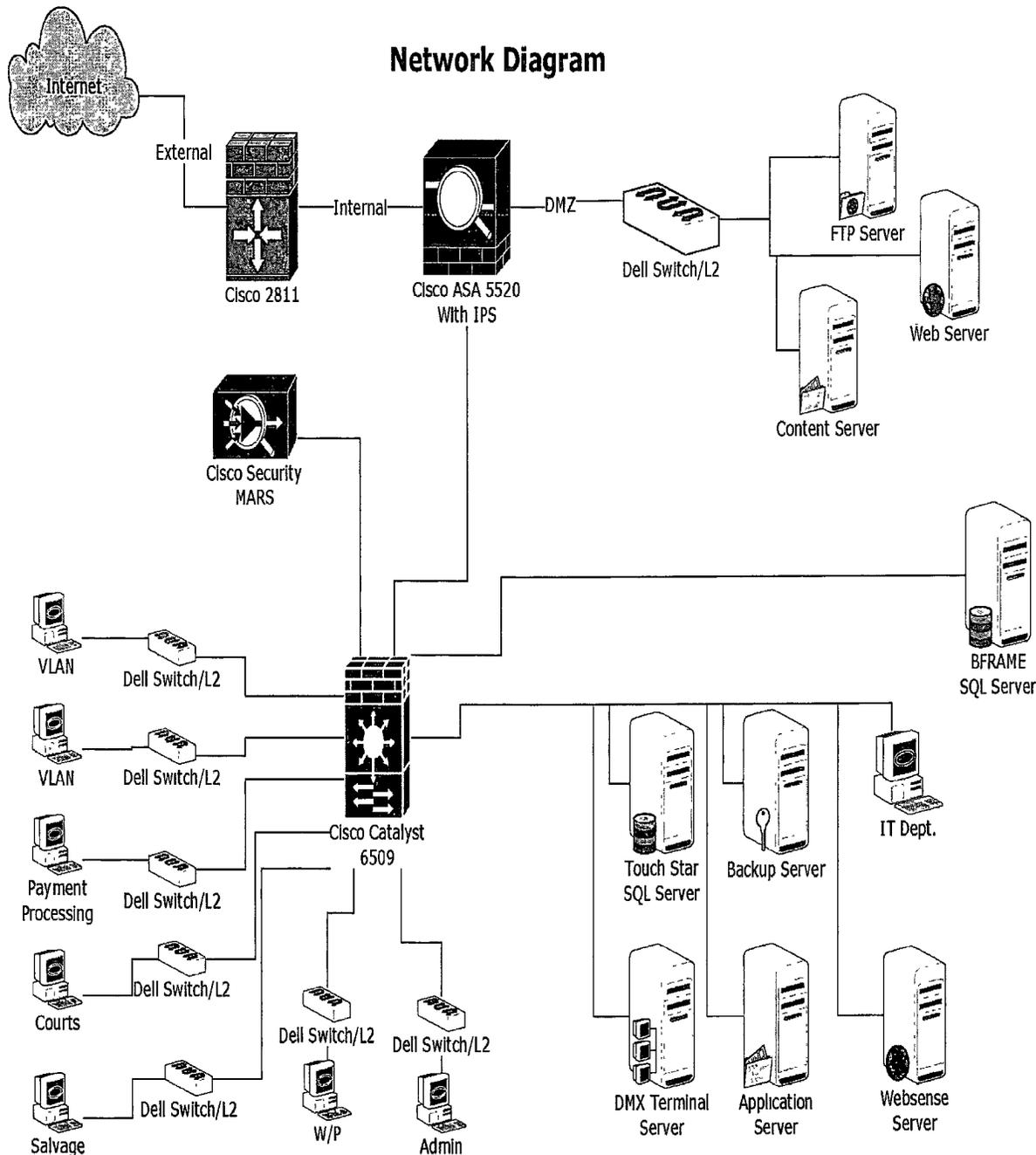
Our Information Technology Department is highly experienced and trained to maintain network and system security while providing our clients with improved operating systems. Progressive’s Information Technology staff provides our clients with vast amounts of experience, maintaining the knowledge to help increase system and network availability for our collection operations. An advanced technological system increases the efficiency of our collection system, preserving strong data security and providing online data access to the City staff as necessary.

Collection Systems		
▪ Debtmaster Version 4.2 by Comtronic Systems	▪ BFrame 2000 by BFrame Recovery Management	
Operating System		
▪ Windows XP Professional	▪ Windows 2008 Server	
Database		
Microsoft SQL 2008		
Network Type		
▪ PC Based Network	▪ 100 MB Ethernet	▪ 1 GB CISCO Switched Ethernet Backbone
Phone System		
Noble Phone System for Computer Assisted Dialing		

Computer Hardware

Progressive performs all collection activity using a client-server based PC network utilizing primarily Microsoft Windows 2008 Server operating systems and Microsoft Windows XP Professional desktop operating systems. Using entirely switched Ethernet with a switched gigabit Ethernet backbone for high-speed communications, our network is secured with state-of-the-art firewall and intrusion prevention systems monitoring all subnets.

Network Interface Diagram



System Security

All systems use multiple layers of closely controlled access, using strong passwords that are changed regularly. All access is recorded and monitored in accordance with industry best practices, and all of these functions are secured and protected by the latest firewall and access security available. The Progressive core network is comprised of CISCO firewalls, Adaptive Security Appliances (ASA), MARS (Monitoring, Analysis, and Response Systems), and CISCO Security Agents. These systems combine to create a state-of-the-art security network. Some of the features of this network configuration include:

- ❖ Content Filtering Service
- ❖ Intrusion Prevention Systems
- ❖ Real Time Monitoring and Alerts
- ❖ Threat Mitigation (including visualizing the possible attack threat and source of threats)
- ❖ Complete Day 0 Antivirus

Progressive contracts third party auditors biennially to review all of our security practices and policies. Endeavor Systems assessed Progressive's compliance with the Federal Information Security Management Act (FISMA)—including our adherence to the strict requirements of the NIST Special Publications—over an eight-month period from April to November 2009. During this process, Endeavor conducted detailed assessments of Progressive's network architecture, security documentation, security management practices, and business processes. Samples of the areas reviewed by Endeavor include:

- ❖ Access Control
- ❖ Security Training
- ❖ Incident Response
- ❖ Contingency Planning
- ❖ Maintenance
- ❖ Media Protection
- ❖ Physical and Environmental Protection

Endeavor assessed Progressive's compliance with nearly 1,000 individual information security controls in accordance with National Institute of Standards and Technology (NIST) 800-53a revision 3. Endeavor determined that Progressive has developed and documented a strong Enterprise-wide information security program designed to protect data from unauthorized access, use, disclosure, disruption, modification, and destruction. In Endeavor's assessment, Progressive's Enterprise-wide program goes above and beyond the FISMA requirements and provides an effective, comprehensive framework for ensuring the effectiveness of information security controls. Additionally, Endeavor determined that Progressive provides mechanisms for driving continuous security program improvement and continuously monitors the effectiveness of security controls.

“Endeavor debriefed both Progressive and the Department on our findings, and Progressive's compliance with FISMA was ultimately certified by the Department. Progressive is bound by the GLBA, HIPAA, and PCI DSS Version 1.2 regulatory requirements and meets the goals and objectives of those regulations. These objectives are further defined as being:

1. *Ensure the security and confidentiality of customer information*
2. *Protect against any anticipated threats or hazards to the security or integrity of such information and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.”*

The Endeavor Systems Security Assessment has been included as **Appendix A** of this proposal. In addition, Progressive's 2007 ISO 17799 audit conducted by Symantec is available to our clients upon request. The recent Endeavor audit confirmed the 2007 Symantec audit's results, which identified Progressive as a highly secure facility compliant with PCI DSS, GLBA, and HIPAA standards.

Physical Security

Progressive utilizes the Identocard 9000 Key Card Access Control System badge readers to control physical access to the building and restricted areas. Proximity locks secure all doors leading from the reception area, and access is granted via magnetic key cards. In addition, all doors leading from the reception area and interior doors leading to sensitive areas (such as the Information Technology and Payment Processing Departments) are secured with dual authentication, requiring a personal identification number paired with the magnetic key card to access secure areas of the facility.

The key and card reader system is tested at minimum semi-monthly to ensure readers are in working condition. The activity history log for card activity is monitored and audited monthly against a list of terminated employees to ensure removal of such individuals has occurred. The Identocard 9000 system provides detailed reports and records for each employee's card activity, showing the employee's badge number and access times for the dates selected.

Samsung Techwin model 2302 security cameras are deployed in volatile areas of the company. Each camera is routed to an Ademco Video Multiplexer, splitting the video feed for recording purposes. The video feed is then sent to a Sanyo TLS-9072 TimeLapse Video Cassette Recorder to record the feed onto a VHS cassette, and the duplex multiplexer allows Progressive to view multiple cameras while simultaneously recording the data on a VCR. The VHS cassette tapes are stored for no less than six months in a secure area of the Information Technology Department.

In addition to the features mentioned above, Progressive's facility contains the following features:

- ◆ Noise detectors in all computer rooms
- ◆ Temperature control and monitoring systems
- ◆ Humidity and water detectors in all computer rooms
- ◆ Redundant hardware for all critical switches, routers, firewalls, and servers
- ◆ Shred bins with a locking mechanism. A third party vendor destroys documents on a weekly basis using a crosscut method. Certificates of destruction are provided to Progressive and are available for review by our clients upon request.
- ◆ FM-200 Fire Suppressant Gas System for computer rooms
- ◆ Fire resistant walls for the computer rooms (rated with a four hour burn time)
- ◆ Redundant UPS Systems capable of powering the entire facility in excess of two hours
- ◆ Onan/Cummings Diesel Generator capable of powering the entire facility indefinitely with refueling
- ◆ Network segmentation providing additional protection of sensitive data from users located in different segments of the network

- ◆ Notification system that is configured to notify all Information Technology staff via email, text message, and telephone call upon alarm of one or multiple systems

Backup Capabilities

Progressive maintains state-of-the-art backup equipment and processes. Sensitive data is recorded to a Dell PowerVault 320L Backup Carousel, and all backup tapes are tested prior to being rotated offsite to Iron Mountain. Iron Mountain offers comprehensive records management, data protection, and information destruction solutions along with the expertise and experience to protect data with the most contemporary security standards. Backup tapes are stored for a period no less than two weeks, and redundant backup equipment is utilized at our satellite offices for site-specific information.

Progressive utilizes several mitigants to minimize impacts of possible disasters, including redundancy, automatic failovers and replication, generators, and uninterruptable power supplies. The redundant hardware maintained in each of our office locations includes backup firewalls, hard drives, power supplies, fans, switches, routers, and cabling for each location. By maintaining network and system stability, our company is able to decrease collection downtime and ultimately increase collection returns for the City of Glendale.

Antivirus Protection System

Progressive utilizes the *CISCO Security Agent Software* for antivirus and information protection. This system is deployed on all desktops and servers and incorporates the following features:

Centralized Management	All desktops and servers can be controlled and monitored from a single console, including program configuration, file system scan scheduling, and virus definition updates.
Automatic Updates	All program and virus definition updates can be controlled and scheduled from a single console and distributed to all systems automatically.
Alerting	Alerts regarding virus activity, system scans, program updates, etc. can be automatically routed to systems administrators via pager, email, or console messages.

Progressive’s *CISCO Security Agent Software* (CSA) is configured on the network as defined below:

- *CISCO Security Agents* provide real-time continuous monitoring.
- Predictive monitoring provides day 0 protection, identifying both virus definitions and potential virus behavior for maximum protection.
- The antivirus server managing all workstations checks for virus updates daily.
- All systems are configured to run real-time file scans of all file types accessed.
- All systems are configured to disallow alteration or disabling of the antivirus system configuration by the local user.

Online Credit Card/Check Payments

Progressive offers citizens the ability to make payments directly online. Progressive's online payment system is PCI DSS Compliant, and the Certificate and Online Payment instructions have been included on the following pages.

PCI DSS Certification

Site Certificate

Site: www.progressivefinancial.com

Certification Date: April 3, 2012

Scan Frequency: Quarterly

On April 3, 2012 www.progressivefinancial.com met the PCI data security requirements by passing a SecurityMetrics³ Site Certification vulnerability scan.

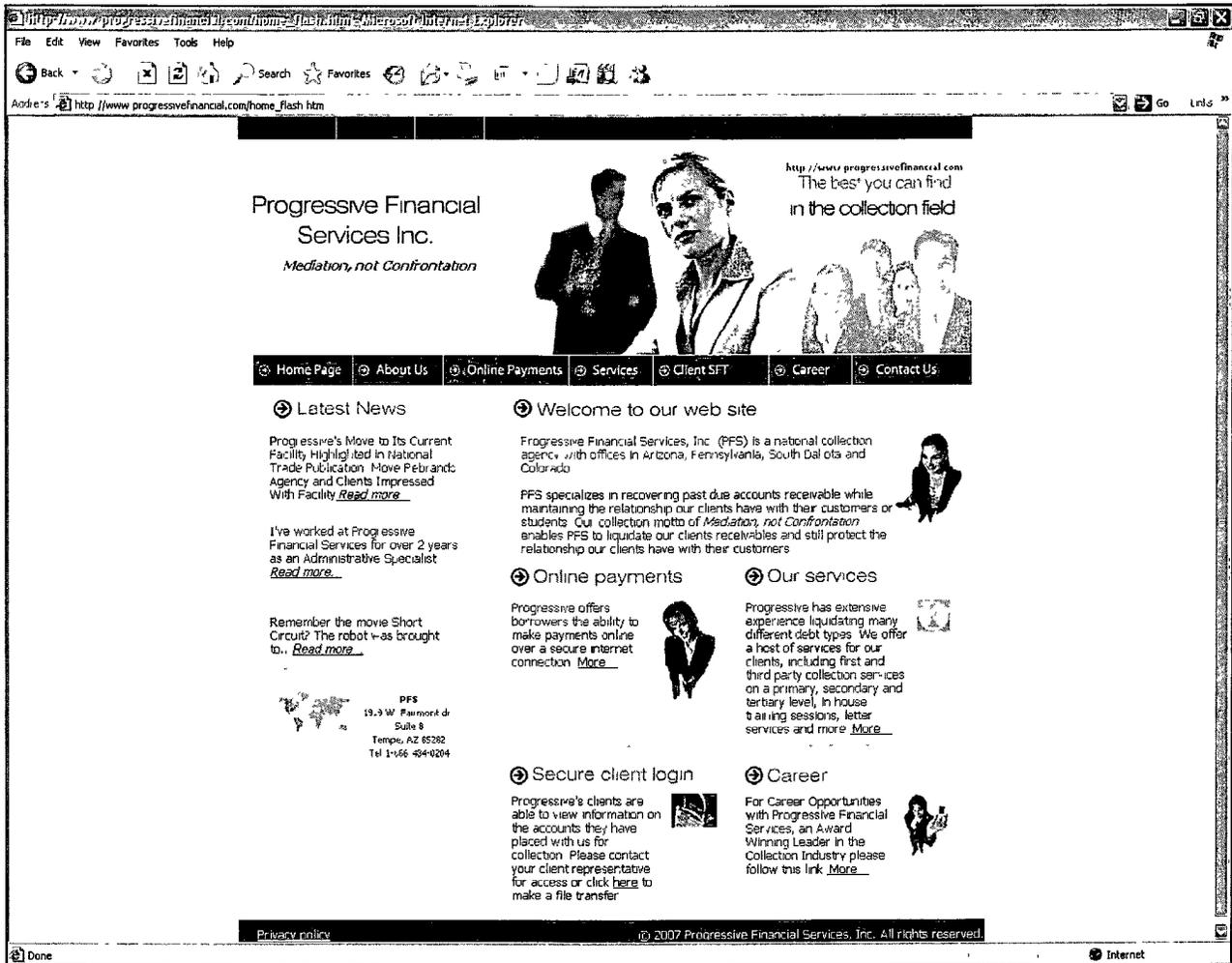
www.progressivefinancial.com is tested **quarterly** to ensure that high security standards are maintained, which significantly reduces the risk that this site will be compromised and credit card or other sensitive data will be stolen or misused.

DISCLAIMER: THIS CERTIFICATE CONFIRMS THE SITE SHOWN ABOVE HAS BEEN TESTED FOR COMMON SECURITY WEAKNESSES AND NO SIGNIFICANT SECURITY VULNERABILITIES WERE FOUND AT THE DATE SHOWN ABOVE. THIS CERTIFICATE DOES NOT IMPLY THE WEBSITE SHOWN ABOVE IS COMPLETELY INVULNERABLE TO UNAUTHORIZED ATTACKS.

securityMETRICS[®]

Online Payment Details

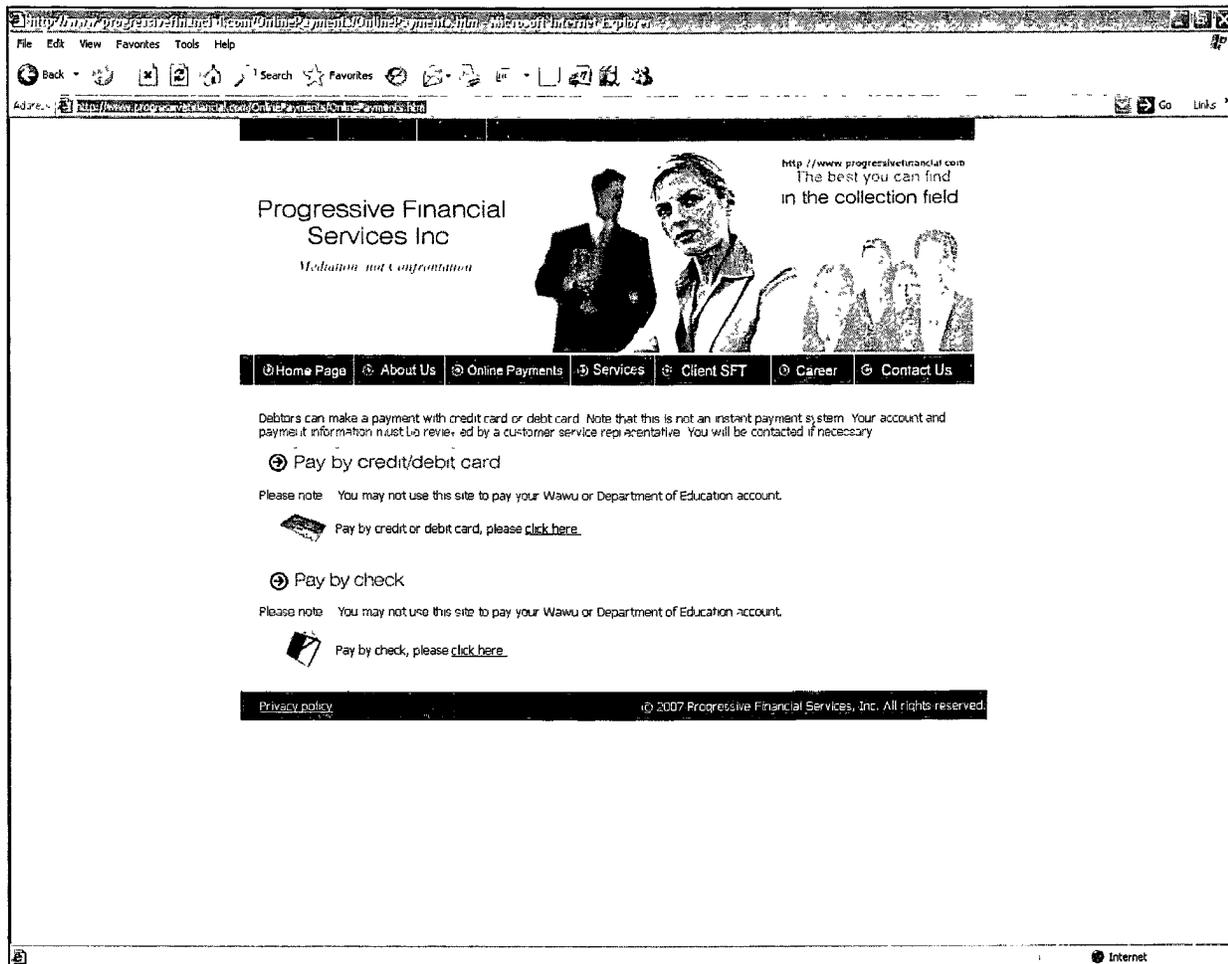
1. The Progressive website can be accessed at <http://www.progressivefinancial.com>. To access online payments, double click the **Online Payments** button. *(The user may also access the **Services** tab for common inquiries.)*



2. After clicking the **Online Payments** option, the following page will be brought up:

<http://www.progressivefinancial.com/OnlinePayments/OnlinePayments.htm>.

From here, the user may choose to pay either by credit/debit card or by check. Once payment has been made, a confirmation page will display with payment information. The payment website is protected by Secure Socket Layer Protection, and a security certificate is available upon request.



Debtmaster Collection System

Progressive's computerized collection system provides the ability to process thousands of accounts for hundreds of clients, delivering excellent efficiency and helping to enhance quality and performance. Not only does the system automate the collection process, it helps control the collectors' workflow, allowing for better production. The system allows our collectors to easily access account information, document account notations, send approved letters, and change/update citizen information. System security settings guarantee that collection staff members are only able to modify select fields based on business needs. Debtmaster provides various administrative functions, including calculating interest, fees, payment balances, updating account information automatically with overnight file transfers, reporting, performance reviews, payment details, collection return ratios, and placement ratios. Utilizing an effective, easy-to-use collection system will increase collection staff productivity and consequently increase collection returns for the City of Glendale.

Debtmaster is a proprietary database that provides multi-tasking capabilities, using a 32-bit system for Windows, to import and export accounts quickly and efficiently. Debtmaster is an automated system that processes payments automatically, indicating whether the payment received equals the amount due. This automatic process will then distribute the payment to the citizen's account. If a situation occurs where multiple accounts are placed for the same citizen, Debtmaster has the capability to connect the accounts. One unique account is created for each citizen while each debt with its underlying debt information remains as a sub-account.

The collection system also provides the ability to report on credit bureaus using both Metro1 and Metro2 reporting formats. With Debtmaster, payments are easily tracked using a promise payment schedule that allows new payment arrangements to be made (or additions to any existing payment arrangements). Furthermore, Debtmaster furnishes the capability to efficiently perform nightly backups for account data automatically. The report manager feature of this collection system allows individuals to schedule reports to run at any time.

The following are basic Debtmaster collection system abilities:

- ✦ Multi-million account capacity
- ✦ Supports multiple site operations
- ✦ Database encryption to ensure maximum security
- ✦ Remote client access
- ✦ Integrated credit card and ACH processing
- ✦ Interest calculator
- ✦ Metro1/Metro2 credit bureau reporting
- ✦ Integrated skip tracing (prioritizing accounts by score)
- ✦ Handles gross and net remittances
- ✦ User defined fields and shortcuts

Noble Phone System

Progressive utilizes the Noble Phone System, allowing our agency to communicate more effectively with citizens via blended inbound and outbound channels. Noble provides an integrated system to build productivity, improve efficiency and call volumes, and increase collection netback. The Noble Phone System has been customized to fit the needs of our clients while complying with all applicable regulations and Progressive's collection standards. This system offers local and remote monitoring, and reporting provides supervision and management controls that help improve and manage collection operations.

Progressive's three offices are linked together with an MPLS circuit, allowing Progressive to integrate a centralized platform for multiple agents regardless of geographic location. This configuration enables Progressive to route calls to different business locations without requiring the citizen to use a different inbound telephone number. Inbound and outbound telephone calls are managed by dynamic IVR routes, making it easier for the citizen to reach a live agent. Inbound telephone calls are transferred to the correct party using the Skills Based Routing feature, which directs the citizen to the department and/or agent best suited to handle their account.

Redundancy has been built into Progressive's unique configuration, providing live backup telephony, host, and text-to-speech servers. All backup servers are working in real-time and will automatically switch over to the main server in the event of a failure. In addition to the built-in redundancy, Noble Systems Corporation offers the Guardian Watch Program, which monitors the status of the Noble System servers 24/7 to spot potential failure points before they become problematic. The combination of redundant servers and the Guardian Watch Program ensure that the City receives top tier service with minimal down time.

Dialing Advantages

Progressive employs different automatic dialing strategies to generate dialing campaigns used by our collection staff. The outbound calling system offered by Noble provides automated messaging, IVR, and skills-based routing, all of which improve quality assurance and client satisfaction. Noble's inbound and outbound dialing system offers effective features, including:

- ◆ **Configurable Pacing Algorithm** – ability to choose up to eight pacing methods assigned by campaign (algorithms may be monitored throughout the duration of the campaign)
- ◆ **Multiple Dialing Modes** – provides predictive, preview, dial now, and messaging options
- ◆ **Area Code Management** – ensures compliance of time zone and calling restrictions
- ◆ **Filtered Calling** – automatically filters incomplete calls and removes them from the campaign queue to ensure that agents are spending more time talking to live citizens
- ◆ **Reporting** – provides standard and custom reporting filtered by agent, date, time, number, campaign, etc.
- ◆ **Call-Back Scheduling and Appointment Setting** – agents maintain the ability to schedule specific and general call-backs or appointments
- ◆ **Campaign Management** – ability to begin dialing automatically without supervision by loading, filtering, and assigning lists and campaigns in advance to ensure collector productivity

- ◆ **CTI Screen Pops** – citizen information is pushed directly to the agent with database look-ups, reducing call handling times to increase productivity
- ◆ **Queue Management** – supervisors and managers can easily view the inbound and outbound queues, see real-time agent status and updates, and receive automated audio and visual alerts for monitoring purposes
- ◆ **Call Handling Features** – internal and external transfers, call overflow, conferencing, unlimited number of inbound/outbound or blended projects, PBX and dialer integration, remote agents and managers, and call monitoring and recording
- ◆ **Text-to-Speech** – automated voice recordings have been programmed to allow speech configurations and basic message implementation for inbound and outbound calls

Compliance Features

Noble's speech analytics allow Progressive to record all telephone conversations to ensure citizen satisfaction and proper call handling, which in turn helps increase collector productivity. Real-time recordings provide collection managers the ability to monitor and review telephone calls as they occur, and all collection calls are recorded for quality assurance and compliance purposes. Call monitoring is conducted by designated personnel on a daily basis, and the system's monitoring feature allows Progressive collection managers to assist and direct the collection staff as the call is taking place. The monitoring feature permits the manager to listen to both sides of the conversation and "whisper" to the collection representative. These whispers are inaudible to the citizen and allow the agent to learn from the communication while providing the proper talk-off.

Noble has also incorporated a Do Not Call list with the ability to add and maintain telephone numbers that should not be called by collection representatives. All outbound telephone calls are routed through the Do Not Call exception tables to ensure that wrong or unauthorized numbers are not being dialed by the collection staff. Furthermore, individual state dialing rules have been programmed into the Noble dialing system to restrict telephone calls to these specific states. Federal and state regulations programmed into the exception tables restrict access to conduct outbound telephone calls based on applicable requirements. If a citizen living in one of the programmed states is attempted, Noble automatically routes the call through several exception tables to ensure that the telephone call can be made to the citizen. Progressive has also customized the Noble dialing system so that zip codes and area codes are cross-referenced to determine the citizen's time zone, and calls are restricted to a calling window that falls within both the area code and time zone's safe contact range. These safeguards ensure that Progressive's collection staff is calling citizens in compliance with all applicable state and federal regulations.

Screen Prompts

Custom screen prompts have been programmed into the Noble Phone System, displaying scripts for right party and third party contacts on all inbound and outbound telephone calls. The collection scripts ensure collection representatives maintain compliance with all state and federal collection laws. The screen prompts contain interactive fields that show current account information from the system of record, including financial statement details, compromise and payment agreement calculations, rehabilitation figures, and basic citizen information that automatically adjusts for each collection call.

1.3.5 Account Representation

The Contractor shall assign an Account Representative (AR), who shall be the primary contact person for monitoring and coordination of all aspects of the contract. In the absence of assigning an AR, the authorized signer of this Proposal will become the appointed AR.

If staff is located outside of the Phoenix metropolitan area, Contractor shall provide toll-free telephone contact for Contract Administrator and Contractor staff during City business hours, Monday through Friday, 8:00 AM to 5:00 PM (Local Time). The AR shall provide updated contact lists of contract staff to City.

The Contractor shall meet with representatives of the City within ten (10) days of the contract award to develop specific procedures, report designs and notices to debtors. Advise the City when appropriate of any need to update procedures, report formats or form letters.

The Contractor shall identify key personnel and provide a statement confirming their understanding of the services required. Notify the City of any changes in key staff and provide an updated resume of any replacement. Upon request, provide an organizational chart identifying all staffing levels assigned to the City's accounts, including name and contact information.

The City shall perform periodic audits to ensure that all amounts collected and adjusted are accurately reported and remitted, and compliance with all contract requirements. The Contractor shall release or make available all necessary records for the City to conduct these audits.

Progressive proposes that Lynne Healy, Client Services Representative, serve as the Account Representative for the City of Glendale contract. Lynne Healy is currently the account representative for Progressive's contract with the City of Glendale Housing authority. All collection work for the City of Glendale contract will be conducted out of our Tempe, AZ office and a toll-free telephone number will be provided to all of the City of Glendale staff and its citizens. Progressive's entire collection staff, including collection representatives, supervisors, and collection managers, are available Monday through Thursday from 8 AM to 9 PM, Friday from 8 AM to 6 PM, and Saturday from 6 AM to 11 AM Pacific Standard Time.

Progressive will meet with the City of Glendale representatives within ten (10) days of the contract award to develop specific procedures, report designs and notices to citizens. Progressive will also advise the City, when appropriate, of any need to update procedures, report formats or form letters. Progressive will release or make available all necessary records for the City in the event the City of Glendale performs periodic audits to ensure that all amounts collected and adjusted are accurately reported, and remitted and compliant with all contract requirements.

Progressive's key personnel confirm their understanding of the services required. All key personnel information has been provided in Section **2.3.6 FIRMS EXPERIENCE**. Progressive will notify the City of Glendale of any changes in key staff and provide an updated resume of any replacement.

Progressive agrees and understands that the City shall perform periodic audits to ensure that all amounts collected and adjusted are accurately reported and remitted, and compliance with all contract requirements. Progressive will make available all necessary records for the City to conduct these audits.

1.3.7 Reports

The Contractor shall remit the following required reports by the tenth (10th) of the following month and any other reports considered necessary by the City:

1.3.7.1 Monthly Cash Receipt Report

This report shall consist of a listing of all payments by debtor name, account number, date of payment, gross payment amount.

1.3.7.2 Monthly Status Reports

A summary of collection activity performed. At a minimum, the report shall consist of skip-tracing efforts, resources used and the effectiveness, the total number and type of outgoing notices sent by the agency with a rate for return/undeliverables, mail and rate or contact resulting from the mailing, the volume and verbal contact initiated by the agency staff and the volume of incoming activity from the debtor and aging status by type and date of last contact with debtor.

1.3.7.3 Monthly Credit Balance Report

The report shall include the debtor's name, City account reference number and the balance as listed in the Contractor's database. This report will be used to assist in identifying balance discrepancies.

1.3.7.4 Quarterly Statistical Performance Analysis

A report which shows recovery percentages by month listed and the month in which successful collection occurred.

Collection Reports

Progressive will provide any reports required by the City of Glendale, and the following is a list of reports that Progressive currently provides the City of Glendale Housing Authority:

- Invoice Report
- Acknowledgement of Referred Accounts Report
- Cancel and Return Report
- Exception Report
- Litigation Report
- Alpha-Combined Inventory Report
- Account Summary Reports
- Cash Receipt Report
- Analysis and Recovery Report
- Address Change or Demographic Report

Progressive has included some Sample Collection Reports as **Appendix C** of this proposal.



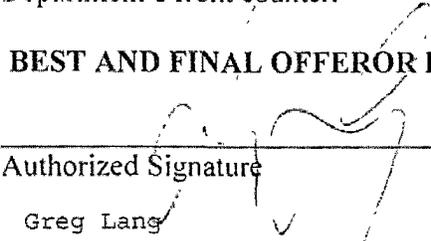
SOLICITATION NUMBER: 12-36
DESCRIPTION: COLLECTION SERVICES
BEST AND FINAL OFFER
DUE DATE AND TIME: July 25, 2012 @ 2:00 PM (Local Time)

Best and Final Offers must be submitted in a sealed envelope with the Solicitation Number, Description and the Due Date clearly labeled, as cited above. Also included shall be the Offeror's name and address clearly indicated on the envelope.

Best and Final Offers must be in the actual possession of Materials Management on or prior to the time and date, and at the location indicated. Materials Management is located on the third (3rd) floor of the Glendale Municipal Office Complex (City Hall), 5850 West Glendale Avenue, Suite 317, Glendale, Arizona, 85301.

Best and Final Offers are accepted at the Engineering Department's front counter between the hours of 8:00 AM and 5:00 PM, Monday through Friday unless otherwise indicated for a Holiday. The Best and Final Offer submittals will be time stamped at the Engineering Department's front counter.

BEST AND FINAL OFFEROR INFORMATION:

	Progressive Financial Services, Inc.
Authorized Signature	Company's Legal Name
Greg Lang	1919 W. Fairmont Drive Building 8
Printed Name	Address
Senior VP, Operations	Tempe, AZ 85282
Title	City, State & Zip Code
602-453-8645	602-453-8794
Telephone Number	FAX Number
7/23/2012	bids@progressivefinancial.com
Date	E-mail Address



City of Glendale
RFP #12-36 Collection Services
Best and Final Offer

1. Please provide your method of approach regarding your firm's ability to report activity to a credit bureau. How frequently do you provide updates to the credit bureau? Identify the credit bureau(s) your firm will utilize under this agreement?

Progressive maintains the ability to report accounts to the major credit bureaus, including Equifax, Experian, and TransUnion. We report all eligible debts as requested by the City and in accordance with all state and federal laws. Progressive sends an initial demand letter on all accounts upon placement, which clearly states the citizens' right to dispute the debt within thirty days. To avoid overshadowing, after the thirty day dispute period, Progressive sends a credit report notice on all applicable accounts. The credit report notice, per state and federal guidelines, alerts citizens that their accounts will be reported to the major credit bureaus in thirty days.

Credit bureau reporting may be provided on accounts placed with Progressive that meet the credit bureaus' requirements. Accounts reported must have a current balance of \$50.00 or higher, and the information submitted must include the citizen name and social security number. Information is updated as required by the Fair Credit Reporting Act, but no less than once every thirty days. Progressive has the capability to file reports with all three national credit bureaus, but will only do so upon request from the City.

Reporting to the credit bureaus is an effective tool to assist in the recovery of delinquent debt. Progressive has found through our reporting experience that citizens marked as unable to locate by other collection agencies may surface and contact Progressive due to the submitted credit bureau report. In addition, citizens who are credit conscious are more likely to review their credit reports and make payment to improve their overall credit rating. Progressive has performed this service for a number of clients, resulting in recovery rate increases in nearly 100% of the sampled clients.

Progressive also maintains an existing account with E-Oscar which enables our company to remove errors on credit bureau reports within 72 hours of the error occurrence. Information is typically removed when an account is placed in error or if the delinquency is being applied to the wrong individual. To remain compliant with the Fair Credit Reporting Act, Progressive will update the statuses of previously reported accounts in accordance with payments received by the citizen. No additional cost is required for providing credit bureau reporting on accounts placed with Progressive.

2. What is your firm's turnaround time to remove an error from a credit bureau reports?

Immediately upon notification, Progressive notifies all applicable credit bureaus of the error; however, Progressive does not control how long the applicable bureaus take in this process. Our staff takes these requests very seriously and works within our abilities to ensure expedience.

3. What process will your firm utilize in handling payment sent directly to the City rather than to your firm, when no attempt by your firm has been made?

Immediately upon placement, Progressive sends an initial demand letter, begins skip-tracing attempts, and starts calling numbers, if available. In the rare instance that payment is received prior to Progressive initiating contact, Progressive would not charge fees for the payments received.



City of Glendale
RFP #12-36 Collection Services
Best and Final Offer

4. Is your system portal web based or user driven? If your system is user driven, how many licenses will be issued to the City?

Progressive utilizes a multifaceted system, where it is both user driven and web based. We are able to provide as many licenses as necessary for access to the web portal.

5. Will the City be assigned an Account Manager? How many hours will your firm dedicate to the City?

Progressive will assign Juana Rodriguez, as the City's account manager. Based on the volume and value of accounts listed in the RFP, Progressive estimates between 40-60 hours to be dedicated to the city, weekly. The time dedicated will fluctuate, as necessary, per the number of accounts assigned by the city.

6. Your proposal included the completed Section 5.1 of the Proposal Fee. Complete the Additional Fee section below with your BAFO amounts.

<i>Fee Requested</i>
<u>17</u> %
Percentage of collected funds to be paid to the Contractor.



SOLICITATION NUMBER: 12-36

DESCRIPTION: COLLECTION SERVICES
FINAL NEGOTIATIONS

DUE DATE AND TIME: July 27, 2012 @ 2:00 PM (Local Time)

Your firm has been selected as a finalist for collection services as stipulated in Request for Proposal #12-36. As a result, the City of Glendale ("City") is asking that you provide (no later than the time and date indicated) a response to the following request. This response will amend your initial proposal and will become part of your Best and Final Offer ("BAFO").

The City is in receipt of your response to our formal Best and Final Offer; the City appreciates your willingness to discuss final clarification points with the City.

The City is in favor and in agreement to the following:

- Your firm's method in communicating activity to a credit bureau;
- Turnaround time in removing errors from a credit bureau report;
- No charge for payments received by the City prior to your firm's first attempt;
- Availability of licenses as necessary to the web portal.

In addition, the City and Contractor agree to the following:

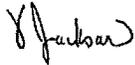
- Account Manager assigned to the City with an estimated 30-40 hours per month dedicated to our account;
- An estimated 40-60 hours of dedicated time to collection services, agreed and adjusted based on total account activity, hours to be determined collectively throughout the term of the agreement;
- Two client representatives available to the City; one dedicated to the City with a back up representative available as necessary;
- Percentage of collected funds to be paid to the Contractor has been negotiated to 15%.

If additional submittal pages are required, please submit your response on company letterhead; otherwise acknowledge receipt of the Final Negotiations by signing the attached form. Please notify me should you have any questions. Discussions with other City staff regarding this solicitation are prohibited.

FINAL NEGOTIATIONS

Acceptance of the Final Negotiations must be in the actual possession of Materials Management on or prior to the time and date, and at the location indicated. Materials Management is located on the third (3rd) floor of the Glendale Municipal Office Complex (City Hall), 5850 West Glendale Avenue, Suite 317, Glendale, Arizona, 85301. Final Negotiations may be sent via email in PDF format to the Contract Analyst as listed herein.

Sincerely,



Victoria Jackson, CPPB
Contract Analyst
Materials Management
City of Glendale
Phone: 623-930-2867
vjackson@glendaleaz.com

FINAL NEGOTIATIONS:

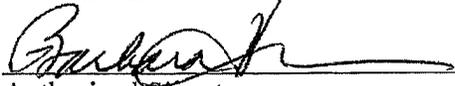
 Authorized Signature	<u>Progressive Financial Services, Inc.</u> Company's Legal Name
<u>Barbara Hoerner</u> Printed Name	<u>1919 W. Fairmont Dr., Bldg 8</u> Address
<u>Corporate Counsel</u> Title	<u>Tempe, AZ 85282</u> City, State & Zip Code
<u>602-453-8610</u> Telephone Number	<u>602-453-8794</u> FAX Number
<u>27 July 2012</u> Date	<u>bids@progressivefinancial.com</u> E-mail Address

EXHIBIT B

Progressive Financial Services, Inc. dba PFS/Progressive Financial Services, Inc. (FN)

COMPENSATION

METHOD AND AMOUNT OF COMPENSATION

Contractor shall be paid an amount equal to 15% of funds collected.

DETAILED PROJECT COMPENSATION

Remittance of collected funds to the City shall be in accordance with provisions set forth in Section 1.3.6 of Contractor's Response/Offer (attached). Contractor will issue payments to City in gross dollars or in net dollars (net of 15% fee), at City's sole discretion. In the event payment to City is made in gross dollars, City will remit 15% payment to Contractor within five business days after receiving payment.



SOLICITATION NUMBER: 12-36

DESCRIPTION: COLLECTION SERVICES
FINAL NEGOTIATIONS

DUE DATE AND TIME: July 27, 2012 @ 2:00 PM (Local Time)

Your firm has been selected as a finalist for collection services as stipulated in Request for Proposal #12-36. As a result, the City of Glendale ("City") is asking that you provide (no later than the time and date indicated) a response to the following request. This response will amend your initial proposal and will become part of your Best and Final Offer ("BAFO").

The City is in receipt of your response to our formal Best and Final Offer; the City appreciates your willingness to discuss final clarification points with the City.

The City is in favor and in agreement to the following:

- Your firm's method in communicating activity to a credit bureau;
- Turnaround time in removing errors from a credit bureau report;
- No charge for payments received by the City prior to your firm's first attempt;
- Availability of licenses as necessary to the web portal.

In addition, the City and Contractor agree to the following:

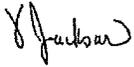
- Account Manager assigned to the City with an estimated 30-40 hours per month dedicated to our account;
- An estimated 40-60 hours of dedicated time to collection services, agreed and adjusted based on total account activity, hours to be determined collectively throughout the term of the agreement;
- Two client representatives available to the City; one dedicated to the City with a back up representative available as necessary;
- Percentage of collected funds to be paid to the Contractor has been negotiated to 15%.

If additional submittal pages are required, please submit your response on company letterhead; otherwise acknowledge receipt of the Final Negotiations by signing the attached form. Please notify me should you have any questions. Discussions with other City staff regarding this solicitation are prohibited.

FINAL NEGOTIATIONS

Acceptance of the Final Negotiations must be in the actual possession of Materials Management on or prior to the time and date, and at the location indicated. Materials Management is located on the third (3rd) floor of the Glendale Municipal Office Complex (City Hall), 5850 West Glendale Avenue, Suite 317, Glendale, Arizona, 85301. Final Negotiations may be sent via email in PDF format to the Contract Analyst as listed herein.

Sincerely,



Victoria Jackson, CPPB
Contract Analyst
Materials Management
City of Glendale
Phone: 623-930-2867
viackson@glendaleaz.com

FINAL NEGOTIATIONS:

 _____ Authorized Signature	<u>Progressive Financial Services, Inc.</u> _____ Company's Legal Name
<u>Barbara Hoerner</u> _____ Printed Name	<u>1919 W. Fairmont Dr., Bldg 8</u> _____ Address
<u>Corporate Counsel</u> _____ Title	<u>Tempe, AZ 85282</u> _____ City, State & Zip Code
<u>602-453-8610</u> _____ Telephone Number	<u>602-453-8794</u> _____ FAX Number
<u>27 July 2012</u> _____ Date	<u>bids@progressivefinancial.com</u> _____ E-mail Address

1.3.6 Remittance of Payments Received

All payments made to Contractor on the City's referred accounts shall be remitted within five (5) business days after payments are received. Appropriate mechanisms for verifying and tracking all payments shall be maintained.

Remittance

Progressive remits to most clients no later than the tenth day of the month following the month in which collection occurred; however, Progressive will transfer funds collected on accounts within five (5) business days after payments are received. The remittance for most clients is via check; however, Progressive is able to remit to clients by use of electronic funds, transfers, or wires as well. All remittances using checks as payment are sent with a corresponding Trust Statement, detailing the payments made for that particular remittance. Progressive will issue payments in gross dollars or in net dollars as defined by the City of Glendale. All electronic remittances have corresponding reports sent as files on the same day that the remittance is processed, and any citizen checks returned for insufficient funds, closed accounts, or any other reason will also be recorded.

Reports and client statements are generated daily to determine the amount of collections recovered. The results from the reports and client statements are verified against the client Trust Statement to ensure the numbers are consistent. The Accounting Department is responsible for ensuring the correct bank deposit amount for the City of Glendale, and audit systems are in place to ensure accurate results. Accounting shall complete the bank transfer and notify the Client Services Department of the amount deposited, as well as send the appropriate representative the trust reports/statements. The Client Services Department is responsible for notifying the City of the bank deposit and transmitting the appropriate reports and statements to City of Glendale in the requested frequency and format.

EXHIBIT C

Progressive Financial Services, Inc. dba PFS/Progressive Financial Services, Inc. (FN)

DISPUTE RESOLUTION

1. Disputes.

- 1.1 Commitment. The parties commit to resolving all disputes promptly, equitably, and in a good-faith, cost-effective manner.
- 1.2 Application. The provisions of this Exhibit will be used by the parties to resolve all controversies, claims, or disputes ("Dispute") arising out of or related to this Agreement-including Disputes regarding any alleged breaches of this Agreement.
- 1.3 Initiation. A party may initiate a Dispute by delivery of written notice of the Dispute, including the specifics of the Dispute, to the Representative of the other party as required in this Agreement.
- 1.4 Informal Resolution. When a Dispute notice is given, the parties will designate a member of their senior management who will be authorized to expeditiously resolve the Dispute.
 - A. The parties will provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any Dispute in order to assist in resolving the Dispute as expeditiously and cost effectively as possible;
 - B. The parties' senior managers will meet within ten business days to discuss and attempt to resolve the Dispute promptly, equitably, and in a good faith manner, and
 - C. The Senior Managers will agree to subsequent meetings if both parties agree that further meetings are necessary to reach a resolution of the Dispute.

2. Arbitration.

- 2.1 Rules. If the parties are unable to resolve the Dispute by negotiation within 30 days from the Dispute notice, and unless otherwise informal discussions are extended by the mutual agreement, the parties may agree, in writing, that the Dispute will be decided by binding arbitration in accordance with Commercial Rules of the AAA, as amended herein. Although the arbitration will be conducted in accordance with AAA Rules, it will not be administered by the AAA, but will be heard independently.
 - A. The parties will exercise best efforts to select an arbitrator within five business days after agreement for arbitration. If the parties have not agreed upon an arbitrator within this period, the parties will submit the selection of the arbitrator to one of the principals of the mediation firm of Scott & Skelly, LLC, who will then select the arbitrator. The parties will equally share the fees and costs incurred in the selection of the arbitrator.
 - B. The arbitrator selected must be an attorney with at least ten years experience, be independent, impartial, and not have engaged in any business for or adverse to either Party for at least ten years.
- 2.2 Discovery. The extent and the time set for discovery will be as determined by the arbitrator. Each Party must, however, within ten days of selection of an arbitrator deliver to the other Party copies of all documents in the delivering party's possession that are relevant to the dispute.
- 2.3 Hearing. The arbitration hearing will be held within 90 days of the appointment of the arbitrator. The arbitration hearing, all proceedings, and all discovery will be conducted in Glendale, Arizona unless otherwise agreed by the parties or required as a result of witness location. Telephonic hearings and other reasonable arrangements may be used to minimize costs.

- 2.4 Award. At the arbitration hearing, each Party will submit its position to the arbitrator, evidence to support that position, and the exact award sought in this matter with specificity. The arbitrator must select the award sought by one of the parties as the final judgment and may not independently alter or modify the awards sought by the parties, fashion any remedy, or make any equitable order. The arbitrator has no authority to consider or award punitive damages.
- 2.5 Final Decision. The Arbitrator's decision should be rendered within 15 days after the arbitration hearing is concluded. This decision will be final and binding on the Parties.
- 2.6 Costs. The prevailing party may enter the arbitration in any court having jurisdiction in order to convert it to a judgment. The non-prevailing party shall pay all of the prevailing party's arbitration costs and expenses, including reasonable attorney's fees and costs.

3. **Services to Continue Pending Dispute.** Unless otherwise agreed to in writing, Contractor must continue to perform and maintain progress of required services during any Dispute resolution or arbitration proceedings, and City will continue to make payment to Contractor in accordance with this Agreement.

4. **Exceptions.**

- 4.1 Third Party Claims. City and Contractor are not required to arbitrate any third-party claim, cross-claim, counter claim, or other claim or defense of a third party who is not obligated by contract to arbitrate disputes with City and Contractor.
- 4.2 Liens. City or Contractor may commence and prosecute a civil action to contest a lien or stop notice, or enforce any lien or stop notice, but only to the extent the lien or stop notice the Party seeks to enforce is enforceable under Arizona Law, including, without limitation, an action under A.R.S. § 33-420, without the necessity of initiating or exhausting the procedures of this Exhibit.
- 4.3 Governmental Actions. This Exhibit does not apply to, and must not be construed to require arbitration of, any claims, actions or other process filed or issued by City of Glendale Building Safety Department or any other agency of City acting in its governmental permitting or other regulatory capacity.