

**AGREEMENT FOR
DELINQUENT PARKING CITATION COLLECTION SERVICES**

THIS AGREEMENT, made this 17 day of January 2011, by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and Penn Credit Corporation, a Pennsylvania corporation, authorized to transact business in the State of Florida, ("Contractor" or "Company"), whose address and phone number are 916 South 14 Street, Harrisburg, PA 17104, 717-238-7124, Fax 717-238-0901, for the term specified herein,

NOW THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the City and the Contractor covenant and agree as follows:

WITNESSETH:

I. DOCUMENTS

The following documents (collectively "Contract Documents") are hereby incorporated into and made part of this Agreement:

- (1) Request for Proposal 525-10821 delinquent parking citation collection services, including any and all addenda, prepared by the City of Fort Lauderdale, ("RFP" or "Exhibit A").
- (2) Response to the RFP, dated September 30, 2011 ("Exhibit B").

All Contract Documents may also be collectively referred to as the "Documents." In the event of any conflict between or among the Documents or any ambiguity or missing specifications or instruction, the following priority is established:

- A. First, specific direction from the City Manager (or designee)
- B. Second, this Agreement dated Jan. 17, 2011, and any attachments.
- C. Third, Exhibit A
- D. Fourth, Exhibit B

II. SCOPE

The Contractor shall perform the Work under the general direction of the City as set forth in the Contract Documents.

Unless otherwise specified herein, the Contractor shall perform all Work identified in this Agreement. The parties agree that the scope of services is a description of Contractor's obligations and responsibilities, and is deemed to include preliminary considerations and prerequisites, and all labor, materials, equipment, and tasks which are such an inseparable part of the work described that exclusion would render performance by Contractor impractical, illogical, or unconscionable.

Contractor acknowledges and agrees that the City's Contract Administrator has no authority to make changes that would increase, decrease, or otherwise modify the Scope of Services to be provided under this Agreement.

By signing this Agreement, the Contractor represents that it thoroughly reviewed the documents incorporated into this Agreement by reference and that it accepts the description of the Work and the conditions under which the Work is to be performed.

III. TERM OF AGREEMENT

The initial contract period shall commence on January 1, 2012 and shall end on December 31, 2014. In the event the term of this Agreement extends beyond the end of any fiscal year of City, to wit, September 30, the continuation of this Agreement beyond the end of such fiscal year shall be subject to both the appropriation and the availability of funds.

IV. COMPENSATION

The Contractor agrees to provide the services and/or materials as specified in the Contract Documents at a commission rate of 15% as specified in Exhibit B. It is acknowledged and agreed by Contractor that this amount is the maximum payable and constitutes a limitation upon City's obligation to compensate Contractor for Contractor's services related to this Agreement. This maximum amount, however, does not constitute a limitation of any sort upon Contractor's obligation to perform all items of work required by or which can be reasonably inferred from the Scope of Services. Except as otherwise provided in the solicitation, no amount shall be paid to Contractor to reimburse Contractor's expenses.

V. METHOD OF BILLING AND PAYMENT

Contractor may submit invoices for compensation no more often than monthly, but only after the services for which the invoices are submitted have been completed. An original invoice plus one copy are due within fifteen (15) days of the end of the month except the final invoice which must be received no later than sixty (60) days after this Agreement expires. Invoices shall designate the nature of the services performed and/or the goods provided.

City shall pay Contractor within forty-five (45) days of receipt of Contractor's proper invoice, as provided in the Florida Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with the requirements set forth in this Agreement and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. Payment may be withheld for failure of Contractor to comply with a term, condition, or requirement of this Agreement.

Notwithstanding any provision of this Agreement to the contrary, City may withhold, in whole or in part, payment to the extent necessary to protect itself from loss on account of inadequate or defective work that has not been remedied or resolved in a manner satisfactory to the City's Contract Administrator or failure to comply with this Agreement. The amount withheld shall not be subject to payment of interest by City.

VI. GENERAL CONDITIONS

A. Indemnification

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City and the City's officers, employees, volunteers, and agents from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any act or omission by the Contractor or by any officer, employee, agent, invitee, subcontractor, or sublicensee of the Contractor. The provisions and obligations of this section shall survive the expiration or earlier termination of this Agreement. To the extent considered necessary by the City Manager, any sums due Contractor under this Agreement may be retained by City until all of City's claims for indemnification pursuant to this Agreement have been settled or otherwise resolved, and any amount withheld shall not be subject to payment of interest by City.

B. Intellectual Property

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, royalties, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any infringement or allegation of infringement of any patent, copyright, or other intellectual property right in connection with the Contractor's or the City's use of any copyrighted, patented or un-patented invention, process, article, material, or device that is manufactured, provided, or used pursuant to this Agreement. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.

C. Termination for Cause

The aggrieved party may terminate this Agreement for cause if the party in breach has not corrected the breach within ten (10) days after written notice from the aggrieved party identifying the breach. The City Manager may also terminate this Agreement upon such notice as the City Manager deems appropriate under the circumstances in the event the City Manager determines that termination is necessary to protect the public health or safety. The parties agree that if the City erroneously, improperly or unjustifiably terminates for cause, such termination shall be deemed a termination for convenience, which shall be effective thirty (30) days after such notice of termination for cause is provided.

This Agreement may be terminated for cause for reasons including, but not limited to, Contractor's repeated (whether negligent or intentional) submission for payment of false or incorrect bills or invoices, failure to perform the Work to the City's satisfaction; or failure to continuously perform the work in a manner calculated to meet or accomplish the objectives as set forth in this Agreement.

D. Termination for Convenience

The City reserves the right, in its best interest as determined by the City, to cancel this contract for convenience by giving written notice to the Contractor at least thirty (30) days prior to the effective date of such cancellation. In the event this Agreement is terminated for convenience, Contractor shall be paid for any services performed to the City's satisfaction pursuant to the Agreement through the termination date specified in the written notice of termination. Contractor acknowledges and agrees that he/she/it has received good, valuable and sufficient consideration from City, the receipt and adequacy of which are hereby acknowledged by Contractor, for City's right to terminate this Agreement for convenience.

E. Cancellation for Unappropriated Funds

The City reserves the right, in its best interest as determined by the City, to cancel this contract for unappropriated funds or unavailability of funds by giving written notice to the Contractor at least thirty (30) days prior to the effective date of such cancellation. The obligation of the City for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise provided by law.

F. Insurance

The Contractor shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required. The commercial general liability insurance policy shall name the City of Fort Lauderdale, a Florida municipality, as an "additional insured." This MUST be written in the description section of the insurance certificate, even if there is a check-off box on the insurance certificate. Any costs for adding the City as "additional insured" shall be at the Contractor's expense.

The City of Fort Lauderdale shall be given notice 10 days prior to cancellation or modification of any required insurance. The insurance provided shall be endorsed or amended to comply with this notice requirement. In the event that the insurer is unable to accommodate, it shall be the responsibility of the Contractor to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested and addressed to the Procurement Services Division.

The Contractor's insurance must be provided by an A.M. Best's "A-" rated or better insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's Risk Manager. Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this solicitation shall be deemed unacceptable, and shall be considered breach of contract.

Workers' Compensation and Employers' Liability Insurance

Limits: Workers' Compensation – Per Chapter 440, Florida Statutes
Employers' Liability - \$500,000

Any firm performing work for or on behalf of the City of Fort Lauderdale must provide Workers' Compensation insurance. Exceptions and exemptions can only be made, by the City's Risk Manager, if they are in accordance with Florida Statutes.

Commercial General Liability Insurance

Covering premises-operations, products-completed operations, independent contractors and contractual liability.

Limits: Combined single limit bodily injury/property damage \$1,000,000.

This coverage must include, but not limited to:

- a. Coverage for the liability assumed by the contractor under the indemnity provision of the contract.
- b. Coverage for Premises/Operations
- c. Products/Completed Operations
- d. Broad Form Contractual Liability
- e. Independent Contractors

Automobile Liability Insurance

Covering all owned, hired and non-owned automobile equipment.

| | |
|-----------------------|---|
| Limits: Bodily injury | \$250,000 each person, \$500,000 each occurrence |
| Property damage | \$100,000 each occurrence |

Professional Liability (Errors & Omissions)

Consultants

Limits: \$2,000,000 per occurrence

Certificate holder should be addressed as follows:

City of Fort Lauderdale
Procurement Services Division
100 N. Andrews Avenue, Room 619
Fort Lauderdale, FL 33301

G. Environmental, Health and Safety

Contractor shall place the highest priority on health and safety and shall maintain a safe working environment during performance of the Work. Contractor shall comply, and shall secure compliance by its employees, agents, and subcontractors, with all applicable environmental, health, safety and security laws and regulations, and performance conditions in this Agreement. Compliance with such requirements shall represent the minimum standard required of Contractor. Contractor shall be responsible for examining all requirements and determine whether additional or more stringent environmental, health, safety and security provisions are required for the Work. Contractor agrees to

utilize protective devices as required by applicable laws, regulations, and any industry or Contractor's health and safety plans and regulations, and to pay the costs and expenses thereof, and warrants that all such persons shall be fit and qualified to carry out the Work.

H. Standard of Care

Contractor represents that he/she/it is qualified to perform the Work, that Contractor and his/her/its subcontractors possess current, valid state and/or local licenses to perform the Work, and that their services shall be performed in a manner consistent with that level of care and skill ordinarily exercised by other qualified contractors under similar circumstances.

I. Rights in Documents and Work

Any and all reports, photographs, surveys, and other data and documents provided or created in connection with this Agreement are and shall remain the property of City; and Contractor disclaims any copyright in such materials. In the event of and upon termination of this Agreement, any reports, photographs, surveys, and other data and documents prepared by Contractor, whether finished or unfinished, shall become the property of City and shall be delivered by Contractor to the City's Contract Administrator within seven (7) days of termination of this Agreement by either party. Any compensation due to Contractor shall be withheld until Contractor delivers all documents to the City as provided herein.

J. Audit Right and Retention of Records

City shall have the right to audit the books, records, and accounts of Contractor and Contractor's subcontractors that are related to this Agreement. Contractor shall keep, and Contractor shall cause Contractor's subcontractors to keep, such books, records, and accounts as may be necessary in order to record complete and correct entries related to this Agreement. All books, records, and accounts of Contractor and Contractor's subcontractors shall be kept in written form, or in a form capable of conversion into written form within a reasonable time, and upon request to do so, Contractor or Contractor's subcontractor, as applicable, shall make same available at no cost to City in written form.

Contractor and Contractor's subcontractors shall preserve and make available, at reasonable times for examination and audit by City in Broward County, Florida, all financial records, supporting documents, statistical records, and any other documents pertinent to this Agreement for the required retention period of the Florida public records law, Chapter 119, Florida Statutes, as may be amended from time to time, if applicable, or, if the Florida Public Records Act is not applicable, for a minimum period of three (3) years after termination of this Agreement. If any audit has been initiated and audit findings have not been resolved at the end of the retention period or three (3) years, whichever is longer, the books, records, and accounts shall be retained until resolution of the audit findings. If the Florida public records law is determined by City to be applicable to Contractor and Contractor's subcontractors' records, Contractor and Contractor's subcontractors shall comply with all requirements thereof; however, Contractor and Contractor's subcontractors shall violate no confidentiality or non-disclosure requirement of either federal or state law. Any incomplete or incorrect entry in such books, records, and accounts shall be a basis for City's disallowance and recovery of any payment upon such entry.

Contractor shall, by written contract, require Contractor's subcontractors to agree to the requirements and obligations of this Section.

The Contractor shall maintain during the term of the contract all books of account, reports and records in accordance with generally accepted accounting practices and standards for records directly related to this contract.

K. Public Entity Crime Act

Contractor represents that the execution of this Agreement will not violate the Public Entity Crime Act, Section 287.133, Florida Statutes, as may be amended from time to time, which essentially provides that a person or affiliate who is a contractor, consultant, or other provider and who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to City, may not submit a bid on a contract with City for the construction or repair of a public building or public work, may not submit bids on leases of real property to City, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with City, and may not transact any business with City in excess of the threshold amount provided in Section 287.017, Florida Statutes, as may be amended from time to time, for category two purchases for a period of 36 months from the date of being placed on the convicted vendor list. Violation of this section shall result in termination of this Agreement and recovery of all monies paid by City pursuant to this Agreement, and may result in debarment from City's competitive procurement activities.

L. Independent Contractor

Contractor is an independent contractor under this Agreement. Services provided by Contractor pursuant to this Agreement shall be subject to the supervision of the Contractor. In providing such services, neither Contractor nor Contractor's agents shall act as officers, employees, or agents of City. No partnership, joint venture, or other joint relationship is created hereby. City does not extend to Contractor or Contractor's agents any authority of any kind to bind City in any respect whatsoever.

M. Inspection and Non-Waiver

Contractor shall permit the representatives of CITY to inspect and observe the Work at all times.

The failure of the City to insist upon strict performance of any other terms of this Agreement or to exercise any rights conferred by this Agreement shall not be construed by Contractor as a waiver of the City's right to assert or rely on any such terms or rights on any future occasion or as a waiver of any other terms or rights.

N. Assignment and Performance

Neither this Agreement nor any right or interest herein shall be assigned, transferred, or encumbered without the written consent of the other party. In addition, Contractor shall not subcontract any portion of the work required by this Agreement, except as provided in the Schedule of Subcontractor Participation. City may terminate this Agreement, effective immediately, if there is any assignment, or attempted assignment, transfer, or

encumbrance, by Contractor of this Agreement or any right or interest herein without City's written consent.

Contractor represents that each person who will render services pursuant to this Agreement is duly qualified to perform such services by all appropriate governmental authorities, where required, and that each such person is reasonably experienced and skilled in the area(s) for which he or she will render his or her services.

Contractor shall perform Contractor's duties, obligations, and services under this Agreement in a skillful and respectable manner. The quality of Contractor's performance and all interim and final product(s) provided to or on behalf of City shall be comparable to the best local and national standards.

In the event Contractor engages any subcontractor in the performance of this Agreement, Contractor shall ensure that all of Contractor's subcontractors perform in accordance with the terms and conditions of this Agreement. Contractor shall be fully responsible for all of Contractor's subcontractors' performance, and liable for any of Contractor's subcontractors' non-performance and all of Contractor's subcontractors' acts and omissions. Contractor shall defend at Contractor's expense, counsel being subject to City's approval or disapproval, and indemnify and hold City and City's officers, employees, and agents harmless from and against any claim, lawsuit, third party action, fine, penalty, settlement, or judgment, including any award of attorney fees and any award of costs, by or in favor of any of Contractor's subcontractors for payment for work performed for City by any of such subcontractors, and from and against any claim, lawsuit, third party action, fine, penalty, settlement, or judgment, including any award of attorney fees and any award of costs, occasioned by or arising out of any act or omission by any of Contractor's subcontractors or by any of Contractor's subcontractors' officers, agents, or employees. Contractor's use of subcontractors in connection with this Agreement shall be subject to City's prior written approval, which approval City may revoke at any time.

O. Conflicts

Neither Contractor nor any of Contractor's employees shall have or hold any continuing or frequently recurring employment or contractual relationship that is substantially antagonistic or incompatible with Contractor's loyal and conscientious exercise of judgment and care related to Contractor's performance under this Agreement.

Contractor further agrees that none of Contractor's officers or employees shall, during the term of this Agreement, serve as an expert witness against City in any legal or administrative proceeding in which he, she, or Contractor is not a party, unless compelled by court process. Further, Contractor agrees that such persons shall not give sworn testimony or issue a report or writing, as an expression of his or her expert opinion, which is adverse or prejudicial to the interests of City in connection with any such pending or threatened legal or administrative proceeding unless compelled by court process. The limitations of this section shall not preclude Contractor or any persons in any way from representing themselves, including giving expert testimony in support thereof, in any action or in any administrative or legal proceeding.

In the event Contractor is permitted pursuant to this Agreement to utilize subcontractors to perform any services required by this Agreement, Contractor agrees to require such

subcontractors, by written contract, to comply with the provisions of this section to the same extent as Contractor.

P. Schedule and Delays

Time is of the essence in this Agreement. By signing, Contractor affirms that it believes the schedule to be reasonable; provided, however, the parties acknowledge that the schedule might be modified as the City directs.

Q. Materiality and Waiver of Breach

City and Contractor agree that each requirement, duty, and obligation set forth herein was bargained for at arm's-length and is agreed to by the parties in exchange for *quid pro quo*, that each is substantial and important to the formation of this Agreement and that each is, therefore, a material term hereof.

City's failure to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement. A waiver of any breach of a provision of this Agreement shall not be deemed a waiver of any subsequent breach and shall not be construed to be a modification of the terms of this Agreement.

R. Compliance With Laws

Contractor shall comply with all applicable federal, state, and local laws, codes, ordinances, rules, and regulations in performing Contractor's duties, responsibilities, and obligations pursuant to this Agreement.

S. Severance

In the event a portion of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the provisions not having been found by a court of competent jurisdiction to be invalid or unenforceable shall continue to be effective.

T. Limitation of Liability

The City desires to enter into this Agreement only if in so doing the City can place a limit on the City's liability for any cause of action for money damages due to an alleged breach by the City of this Agreement, so that its liability for any such breach never exceeds the sum of \$1,000. Contractor hereby expresses its willingness to enter into this Agreement with Contractor's recovery from the City for any damage action for breach of contract or for any action or claim arising from this Agreement to be limited to a maximum amount of \$1,000 less the amount of all funds actually paid by the City to Contractor pursuant to this Agreement.

Accordingly, and notwithstanding any other term or condition of this Agreement, Contractor hereby agrees that the City shall not be liable to Contractor for damages in an amount in excess of \$1,000 which amount shall be reduced by the amount actually paid by the City to Contractor pursuant to this Agreement, for any action for breach of contract or for any action or claim arising out of this Agreement. Nothing contained in this paragraph or elsewhere in this Agreement is in any way intended to be a waiver of the limitation placed upon City's liability as set forth in Article 768.28, Florida Statutes.

U. Jurisdiction, Venue, Waiver, Waiver of Jury Trial

This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Florida. Venue for any lawsuit by either party against the other party or otherwise arising out of this Agreement, and for any other legal proceeding, shall be in the Seventeenth Judicial Circuit in and for Broward County, Florida, or in the event of federal jurisdiction, in the Southern District of Florida, Fort Lauderdale Division.

In the event Contractor is a corporation organized under the laws of any province of Canada or is a Canadian federal corporation, the City may enforce in the United States of America or in Canada or in both countries a judgment entered against the Contractor. The Contractor waives any and all defenses to the City's enforcement in Canada of a judgment entered by a court in the United States of America.

V. Amendments

No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Agreement and executed by the Mayor-Commissioner and/or City Manager, as determined by City Charter and Ordinances, and Contractor or others delegated authority to or otherwise authorized to execute same on their behalf.

W. Prior Agreements

This document represents the final and complete understanding of the parties and incorporates or supersedes all prior negotiations, correspondence, conversations, agreements, and understandings applicable to the matters contained herein. The parties agree that there is no commitment, agreement, or understanding concerning the subject matter of this Agreement that is not contained in this written document. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representation or agreement, whether oral or written.

X. Payable Interest

Except as required and provided for by the Florida Local Government Prompt Payment Act, City shall not be liable for interest for any reason, whether as prejudgment interest or for any other purpose, and in furtherance thereof Contractor waives, rejects, disclaims and surrenders any and all entitlement it has or may have to receive interest in connection with a dispute or claim based on or related to this Agreement.

Y. Representation of Authority

Each individual executing this Agreement on behalf of a party hereto hereby represents and warrants that he or she is, on the date he or she signs this Agreement, duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

AA. Uncontrollable Circumstances ("Force Majeure")

The City and Contractor will be excused from the performance of their respective obligations under this agreement when and to the extent that their performance is delayed or prevented by any circumstances beyond their control including, fire, flood, explosion,

strikes or other labor disputes, act of God or public emergency, war, riot, civil commotion, malicious damage, act or omission of any governmental authority, delay or failure or shortage of any type of transportation, equipment, or service from a public utility needed for their performance, provided that:

A. The non performing party gives the other party prompt written notice describing the particulars of the Force Majeure including, but not limited to, the nature of the occurrence and its expected duration, and continues to furnish timely reports with respect thereto during the period of the Force Majeure;

B. The excuse of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

C. No obligations of either party that arose before the Force Majeure causing the excuse of performance are excused as a result of the Force Majeure; and

D. The non-performing party uses its best efforts to remedy its inability to perform. Notwithstanding the above, performance shall not be excused under this Section for a period in excess of two (2) months, provided that in extenuating circumstances, the City may excuse performance for a longer term. Economic hardship of the Contractor will not constitute Force Majeure. The term of the agreement shall be extended by a period equal to that during which either party's performance is suspended under this Section.

BB. Scrutinized Companies

This Section applies to any contract for goods or services of \$1 million or more:

The Contractor certifies that it is not on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List as provided in section 287.135, Florida Statutes (2011), as may be amended or revised. The City may terminate this Contract at the City's option if the Contractor is found to have submitted a false certification as provided under subsection (5) of section 287.135, Florida Statutes (2011), as may be amended or revised, or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.

CC. Deletion of "Confidential"

All references in the Contractor's response to the RFP suggesting that the Contractor's response to the RFP contains confidential information, including, but not limited to the following language contained on the cover of the Contractor's response to the RFP, shown here as stricken, to wit:

~~Penn Credit considers certain content in this proposal to be confidential and classified as a trade secret according to Florida Statute Chapter 812.081 and requests that this information be withheld from public inspection in accordance with Florida Statute 815.045. This information has been marked CONFIDENTIAL, and a redacted copy of this proposal has been provided on a CD.~~

are deleted. All "CONFIDENTIAL" stamps on the pages of the Contractor's response to the RFP are deleted.

IN WITNESS WHEREOF, the City and the Contractor execute this Contract as follows:

CITY OF FORT LAUDERDALE

By: [Signature]
City Manager

Approved as to form:

[Signature]
Senior Assistant City Attorney

ATTEST

By: [Signature]
Print Name: Thomas E. Foley, Jr
Secretary

CONTRACTOR

By: [Signature]
Print Name: Richard S. Templin
President

(CORPORATE SEAL)

STATE OF Pennsylvania :
COUNTY OF Dauphin :

The foregoing instrument was acknowledged before me this 10th day of January, 2012, by Richard S. Templin as president for Penn Credit Corporation, a Pennsylvania corporation, authorized to transact business in the State of Florida as Penn/Central Corporation.

(SEAL)

Tracy Grohman
Notary Public, State of Pennsylvania
(Signature of Notary Public)

[Signature]
(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally Known OR Produced Identification _____
Type of Identification Produced _____

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Tracy Grohman, Notary Public
City of Harrisburg, Dauphin County
My Commission Expires Aug. 30, 2012
Member, Pennsylvania Association of Notaries

Solicitation 525-10821
Delinquent Parking Citation Collection Services



CITY OF FORT LAUDERDALE

City of Fort Lauderdale

Bid 525-10821 Delinquent Parking Citation Collection Services

Bid Number **525-10821**
Bid Title **Delinquent Parking Citation Collection Services**

Bid Start Date **Aug 19, 2011 2:58:54 PM EDT**
Bid End Date **Sep 30, 2011 2:00:00 PM EDT**
Question &
Answer End
Date **Sep 7, 2011 2:00:00 PM EDT**

Bid Contact **AnnDebra Diaz**
Procurement Specialist II
Procurement
954-828-5949
adiaz@fortlauderdale.gov

Description

The City of Fort Lauderdale, Florida (City) is seeking proposals from qualified proposers, hereinafter referred to as the Contractor, to provide delinquent parking citation collection services for the City's Parking and Fleet Services Department, in accordance with the terms, conditions, and specifications contained in this Request for Proposals (RFP).

Added on Sep 1, 2011:

Addendum No. 1 has been issued, please refer to uploaded document.

Added on Sep 16, 2011:

Addendum No.2 supersedes Addendum No. 1. Please refer to uploaded document.

RFP# 525-10821**TITLE: DELINQUENT PARKING CITATION COLLECTION SERVICES****PART I – INTRODUCTION/INFORMATION****01. PURPOSE**

The City of Fort Lauderdale, Florida (City) is seeking proposals from qualified proposers, hereinafter referred to as the Contractor, to provide delinquent parking citation collection services for the City's Parking and Fleet Services Department, in accordance with the terms, conditions, and specifications contained in this Request for Proposals (RFP).

02. INFORMATION OR CLARIFICATION

For information concerning procedures for responding to this RFP, technical specifications, etc, please utilize the question / answer feature provided by BidSync at www.bidsync.com. Questions of a material nature must be received prior to the cut-off date specified in the RFP Schedule. Material changes, if any, to the scope of services or bidding procedures will only be transmitted by written addendum. (See addendum section of BidSync Site). Contractor's please note: Proposals shall be submitted as stated in PART VI – Requirements of the Proposal. No part of your proposal can be submitted via FAX. No variation in price or conditions shall be permitted based upon a claim of ignorance. Submission of a proposal will be considered evidence that the Contractor has familiarized themselves with the nature and extent of the work, and the equipment, materials, and labor required. The entire proposal must be submitted in accordance with all specifications contained in this solicitation.

03. TRANSACTION FEES

The City of Fort Lauderdale uses BidSync (www.bidsync.com) to distribute and receive bids and proposals. There is no charge to vendors/contractors to register and participate in the solicitation process, nor will any fees be charged to the awarded vendor.

04. ELIGIBILITY

To be eligible for award of a contract in response to this solicitation the Contractor must demonstrate that they have successfully completed services, as specified in the Technical Specifications / Scope of Services section of this solicitation, are normally and routinely engaged in performing such services and are properly and legally licensed to perform such work. In addition, the Contractor must have no conflict of interest with regard to any other work performed by the Contractor for the City of Fort Lauderdale.

05. PRICING/DELIVERY

All pricing should be identified in PART VII - PROPOSAL PAGES – COST PROPOSAL. No additional costs may be accepted, other than the costs stated on the Proposal pages.

06. RFP DOCUMENTS

The Contractor shall examine this RFP carefully. Ignorance of the requirements will not relieve the Contractor from liability and obligation under the Contract.

07. AWARD

Award will be made to the highest ranked responsive and responsible proposer, for that product/service that will best serve the needs of the City of Fort Lauderdale.

The City reserves the right to award to that proposer who will best serve the interests of the City. The City also reserves the right to waive minor variations in the specifications and in the bidding process. The City further reserves the right to accept or reject any and/or all proposals and to award or not award a contract based on this solicitation.

08. COST VALIDITY

Prices provided in this Request for Proposal (RFP) are valid for 120 days from time of RFP opening. The City shall award contract within this time period or shall request to the recommended awarded vendor an extension to hold pricing, until products/services have been awarded.

PART II - RFP SCHEDULE

| | |
|---|----------|
| Release RFP | 08/22/11 |
| Last Date for Receipt of Questions of a Material Nature | 09/07/11 |
| Addendum Release (If required) | 09/12/11 |
| PROPOSAL DUE (Prior to 2:00 PM EST) | 09/22/11 |

PART III - SPECIAL CONDITIONS

01. **GENERAL CONDITIONS**
RFP General Conditions Form G-107 Rev. 06/09 (GC) are included and made a part of this RFP.
02. **NEWS RELEASES/PUBLICITY**
News releases, publicity releases, or advertisements relating to this contract or the tasks or projects associated with the project shall not be made without prior City approval.
03. **RFP DOCUMENTS**
The Contractor shall examine this RFP carefully. Ignorance of the requirements will not relieve the Contractor from liability and obligations under the Contract.
04. **CONTRACTORS' COSTS**
The City shall not be liable for any costs incurred by Contractor in responding to this RFP.
05. **RULES AND PROPOSALS**
The signer of the proposal must declare that the only person(s), company or parties interested in the proposal as principals are named therein; that the proposal is made without collusion with any other person(s), company or parties submitting a proposal; that it is in all respects fair and in good faith, without collusion or fraud; and that the signer of the proposal has full authority to bind the principal Contractor.
06. **CONTRACT PERIOD**
The initial contract term shall commence upon date of award by the City or January 1, 2012, whichever is later, and shall expire 3 years from that date. The City reserves the right to extend the contract for one (1) additional one-year term, providing all terms conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City.

In the event services are scheduled to end because of the expiration of this contract, the Contractor shall continue the service upon the request of the City as authorized by the awarding authority. The extension period shall not extend for more than ninety (90) days beyond the expiration date of the existing contract. The Contractor shall be compensated for the service at the rate in effect when this extension clause is invoked by the City. The Contractor shall continue to earn and be paid the Contract commission rate for all payments received by the Contractor for citations referred to the Contractor prior to expiration of the contract term. No commission shall be earned by, or be paid to, Contractor on payments received by the City or a successor collection agency on any accounts that are withdrawn from the Contractor if such payment is received more than 14 days after such withdrawal.
07. **COST ADJUSTMENTS**
Prices quoted shall be firm for the initial contract term 3 year(s). No cost increases shall be accepted in this initial contract term. Please consider this when providing your pricing for this request for proposal.

Thereafter, any extensions which may be approved by the City shall be subject to the following: Costs for any extension terms shall be subject to an adjustment only if increases or decreases occur in the industry. Such adjustment shall be based on the latest yearly percentage increase in the All Urban Consumers Price Index (CPI-U) as published by the Bureau of Labor Statistics, U.S. Dep't. of Labor, and shall not exceed five percent (5%).

The yearly increase or decrease in the CPI shall be that latest Index published and available for the calendar year ending 12/31, prior to the end of the contract year then in effect, as compared to the index for the comparable month, one-year prior.

Any requested adjustment shall be fully documented and submitted to the City at least ninety (90) days prior to the contract anniversary date. Any approved cost adjustments shall become effective on the beginning date of the approved contract extension **and shall be effective and applicable only to citations issued after that date.**

The City may, after examination, refuse to accept the adjusted costs if they are not properly documented, or considered to be excessive, or if decreases are considered to be insufficient. In the event the City does not wish to accept the adjusted costs and the matter cannot be resolved to the satisfaction of the City, the Contract will be considered cancelled on the scheduled expiration date.

08. SERVICE TEST PERIOD

If the Contractor has not previously performed the services to the city, the City reserves the right to require a test period to determine if the Contractor can perform in accordance with the requirements of the contract, and to the City's satisfaction. Such test period can be from thirty to ninety days, and will be conducted under all specifications, terms and conditions contained in the contract.

A performance evaluation will be conducted prior to the end of the test period and that evaluation will be the basis for the City's decision to continue with the Contractor or to select another Contractor (if applicable).

09. CONTRACT COORDINATOR

The City may designate a Contract Coordinator whose principal duties shall be:

- Liaison with Contractor.
- Coordinate and approve all work under the contract.
- Resolve any disputes.
- Assure consistency and quality of Contractor's performance.
- Schedule and conduct Contractor performance evaluations and document findings.
- Review and approve for payment all invoices for work performed or items delivered.

10. CONTRACTOR PERFORMANCE REVIEWS AND RATINGS

The City Contract Coordinator may develop a Contractor performance evaluation report. This report shall be used to periodically review and rate the Contractor's performance under the contract with performance rating as follows:

| | |
|----------------|---|
| Excellent | Far exceeds requirements. |
| Good | Exceeds requirements |
| Fair | Just meets requirements. |
| Poor | Does not meet all requirements and contractor is subject to penalty provisions under the contact. |
| Non compliance | Either continued poor performance after notice or a performance level that does not meet a significant portion of the requirements. This rating makes the Contractor subject to the default or cancellation for cause provisions of the contract. |

The report shall also list all discrepancies found during the review period. The Contractor shall be provided with a copy of the report, and may respond in writing if he takes exception to the report or wishes to comment on the report. Contractor performance reviews and subsequent reports will be used in determining the suitability of contract extension.

11. **INVOICES/PAYMENT**

The City will accept invoices no more frequently than once per month. Each invoice shall fully detail the related costs and shall specify the status of the particular task or project as of the date of the invoice as regards the accepted schedule for that task or project. Payment will be made within thirty (30) days after receipt of an invoice acceptable to the City, in accordance with the Florida Local Government Prompt Payment Act. If, at any time during the contract, the City shall not approve or accept the Contractor's work product, and agreement cannot be reached between the City and the Contractor to resolve the problem to the City's satisfaction, the City shall negotiate with the Contractor on a payment for the work completed and usable to the City.

12. **RELATED EXPENSES/TRAVEL EXPENSES**

All costs including travel are to be included in your commission rate. The City will not accept any additional costs.

13. **NO EXCLUSIVE CONTRACT/ADDITIONAL SERVICES**

While this contract is for services provided to the department referenced in this Request for Proposals, the City may require similar work for other City departments. Contractor agrees to take on such work unless such work would not be considered reasonable or become an undue burden to the Contractor.

Contractor agrees and understands that the contract shall not be construed as an exclusive arrangement and further agrees that the City may, at any time, secure similar or identical services from another vendor at the City's sole option.

The City may require additional items or services of a similar nature, but not specifically listed in the contract. The Contractor agrees to provide such items or services, and shall provide the City prices on such additional items or services based upon a formula or method, which is the same or similar to that used in establishing the prices in his proposal. If the price(s) offered are not acceptable to the City, and the situation cannot be resolved to the satisfaction of the City, the City reserves the right to procure those items or services from other vendors, or to cancel the contract upon giving the Contractor thirty (30) days written notice.

14. **DELETION OR MODIFICATION OF SERVICES**

The City reserves the right to delete any portion of this Contract at any time without cause, and if such right is exercised by the City, the total fee shall be reduced in the same ratio as the estimated cost of the work deleted bears to the estimated cost of the work originally planned. If work has already been accomplished on the portion of the Contract to be deleted, the Contractor shall be paid for the deleted portion on the basis of the estimated percentage of completion of such portion.

If the Contractor and the City agree on modifications or revisions to the task elements, after the City has approved work to begin on a particular task or project, and a budget has been established for that task or project, the Contractor will submit a revised budget to the City for approval prior to proceeding with the work.

15. **SUBSTITUTION OF PERSONNEL**

In the event the Contractor wishes to substitute trained, qualified, personnel for those listed in

the proposal, the City shall receive prior notification and have the right to review, test and approve such substitutions, if deemed necessary. If the City has reasonable evidence to believe that an employee of the Contractor is incompetent, or has performed his or her employment in an objectionable manner, the City shall have the right to require the Contractor to resolve the situation to the City's satisfactions, provided, however, that the Contractor shall not be required to institute or pursue to completion any action if to do so would violate any law, state statute, city ordinance, contract or employment or union agreement.

16. **SUBCONTRACTORS**

If the Contractor proposes to use subcontractors in the course of providing these services to the City, this information shall be a part of the bid response. Such information shall be subject to review, acceptance and approval of the City, prior to any contract award. The City reserves the right to approve or disapprove of any subcontractor candidate in its best interest and to require Contractor to replace subcontractor with one that meets City approval.

Contractor shall ensure that all Contractor's subcontractors perform in accordance with the terms and conditions of this Contract. Contractor shall be fully responsible for all of Contractor's subcontractors' performance, and liable for any of Contractor's subcontractors' non-performance and all of Contractor's subcontractors' acts and omissions. Contractor shall defend, counsel being subject to the City's approval or disapproval, and indemnify and hold harmless the City and the City's officers, employees, and agents from and against any claim, lawsuit, third-party action, or judgment, including any award of attorney fees and any award of costs, by or in favor of any Contractor's subcontractors for payment for work performed for the City.

17. **INSURANCE**

The Contractor shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required. The City is to be added as an "additional insured" with relation to General Liability Insurance. This MUST be written in the description section of the insurance certificate, even if you have a check-off box on your insurance certificate. Any costs for adding the City as "additional insured" will be at the contractor's expense.

The City of Fort Lauderdale shall be given notice 10 days prior to cancellation or modification of any stipulated insurance. The insurance provided shall be endorsed or amended to comply with this notice requirement. In the event that the insurer is unable to accommodate, it shall be the responsibility of the Contractor to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested and addressed to the Procurement Services Department.

The Contractor's insurance must be provided by an A.M. Best's "A-" rated or better insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's Risk Manager. Any exclusions or provisions in the insurance maintained by the contractor that precludes coverage for work contemplated in this RFP shall be deemed unacceptable, and shall be considered breach of contract.

Workers' Compensation and Employers' Liability Insurance

Limits: Workers' Compensation – Per Florida Statute 440
Employers' Liability - \$500,000

Any firm performing work on behalf of the City of Fort Lauderdale must provide Workers' Compensation insurance. Exceptions and exemptions can only be made if they are in

accordance with Florida Statute. For additional information contact the Department of Financial Services, Workers' Compensation Division at (850) 413-1601 or on the web at www.fldfs.com.

Commercial General Liability Insurance

Covering premises-operations, products-completed operations, independent contractors and contractual liability.

Limits: Combined single limit bodily injury/property damage \$1,000,000.

This coverage must include, but not limited to:

- a. Coverage for the liability assumed by the contractor under the indemnity provision of the contract.
- b. Coverage for Premises/Operations
- c. Products/Completed Operations
- d. Broad Form Contractual Liability
- e. Independent Contractors

Automobile Liability Insurance

Covering all owned, hired and non-owned automobile equipment.

| | |
|-----------------------|---|
| Limits: Bodily injury | \$250,000 each person, \$500,000 each occurrence |
| Property damage | \$100,000 each occurrence |

Professional Liability (Errors & Omissions)

Limits: \$2,000,000 per occurrence

A copy of **ANY** current Certificate of Insurance should be included with your proposal.

In the event that you are the successful bidder, you will be required to provide a certificate naming the City as an "additional insured" for General Liability.

Certificate holder should be addressed as follows:

City of Fort Lauderdale
Procurement Services Department
100 N. Andrews Avenue, Room 619
Ft. Lauderdale, FL 33301

18. INSURANCE – SUBCONTRACTORS

Contractor shall require all of its subcontractors to provide the aforementioned coverage as well as any other coverage that the contractor may consider necessary, and any deficiency in the coverage or policy limits of said subcontractors will be the sole responsibility of the contractor.

19. INSURANCE FOR COLLECTION OF CREDIT CARD PAYMENTS

The successful contractor will need to provide proof that they maintain insurance coverage in an amount of not less than \$1,000,000 specifically for cyber related crimes relating to the transmission of credit card information over their website that can include but are not limited to

criminal activity involving the information technology infrastructure, including illegal access (unauthorized access), illegal interception (by technical means of non-public transmissions of computer data to, from or within a computer system), data interference (unauthorized damaging, deletion, deterioration, alteration or suppression of computer data), systems interference (interfering with the functioning of a computer system by inputting, transmitting, damaging, deleting, deteriorating, altering or suppressing computer data), misuse of devices, forgery (ID theft), and electronic fraud.

20. UNCONTROLLABLE CIRCUMSTANCES ("Force Majeure")

The City and Contractor will be excused from the performance of their respective obligations under this agreement when and to the extent that their performance is delayed or prevented by any circumstances beyond their control including, fire, flood, explosion, strikes or other labor disputes, act of God or public emergency, war, riot, civil commotion, malicious damage, act or omission of any governmental authority, delay or failure or shortage of any type of transportation, equipment, or service from a public utility needed for their performance, provided that:

A. The non performing party gives the other party prompt written notice describing the particulars of the Force Majeure including, but not limited to, the nature of the occurrence and its expected duration, and continues to furnish timely reports with respect thereto during the period of the Force Majeure;

B. The excuse of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

C. No obligations of either party that arose before the Force Majeure causing the excuse of performance are excused as a result of the Force Majeure; and

D. The non performing party uses its best efforts to remedy its inability to perform. Notwithstanding the above, performance shall not be excused under this Section for a period in excess of two (2) months, provided that in extenuating circumstances, the City may excuse performance for a longer term. Economic hardship of the Contractor will not constitute Force Majeure. The term of the agreement shall be extended by a period equal to that during which either party's performance is suspended under this Section.

21. PUBLIC ENTITY CRIMES

NOTE: Contractor, by submitting a proposal attests they have not been placed on the convicted vendor list.

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a proposal on a contract to provide any goods or services to a public entity, may not submit a proposal on a contract with a public entity for the construction or repair of a public building or public work, may not submit proposals on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for Category Two for a period of 36 months from the date of being placed on the convicted vendor list.

22. CANADIAN COMPANIES

The City may enforce in the United States of America or in Canada or in both countries a judgment entered against the Contractor. The Contractor waives any and all defenses to the

City's enforcement in Canada, of a judgment entered by a court in the United States of America. All monetary amounts set forth in this Contract are in United States dollars.

23. LOBBYING ACTIVITIES

ALL CONTRACTORS PLEASE NOTE: Any contractor submitting a response to this solicitation must comply, if applicable, with City of Fort Lauderdale Ordinance No. C-00-27 & Resolution No. 07-101, Lobbying Activities. Copies of Ordinance No. C-00-27 and Resolution No. 07-101 may be obtained from the City Clerk's Office on the 7th Floor of City Hall, 100 N. Andrews Avenue, Fort Lauderdale, Florida. The ordinance may also be viewed on the City's website at:

<http://www.fortlauderdale.gov/clerk/LobbyistDocs/lobbyistord1009.pdf>.

24. RFP TABULATIONS/INTENT TO AWARD

(Notice of Intent to Award Contract/RFP, resulting from the City's Formal solicitation process, requiring City Commission action, may be found at http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm. Tabulations of receipt of those parties responding to a formal solicitation may be found at <http://www.fortlauderdale.gov/purchasing/bidresults.htm>, or any interested party may call the Procurement Office at 954-828-5933.

PART IV – SCOPE OF SERVICES/TECHNICAL SPECIFICATIONS

1. GENERAL INFORMATION: It is our desire to engage the services of an experienced, licensed collection agency to increase revenue through enhanced follow-up of delinquent parking citation accounts. This contract will be for primary collection services. The City has a current contract for secondary placement of delinquent accounts. The primary agency program would include, but not be limited to, letters and telephone collection for a 180-day period.

Background: City Processes and Citation Payment Policies

The City issues approximately 100,000 parking citations annually. The majority of those citations have a \$30 base fine but range up to \$50 for violations of City ordinances. The lowest fine is currently \$25.00. The handicap space violations are \$250, subject to state regulation.

Payment of the base citation fine is due 30 calendar days after the citation is issued. A 'courtesy notice' is mailed as soon as the City receives registered owner information from the Florida Department of Motor Vehicles (DMV) and/or the City's provider of registered owner information for other states. The first penalty of \$15.00 is imposed on the evening of the 31st day after the citation is issued. The second penalty of \$20 is imposed on the evening of the 46th day and a "late notice" is mailed for all unpaid or partially paid citations on or about the 47th day after issuance. No additional penalties are applied for partial or non-payment and additional penalties may not be imposed by the Contractor. However, the City's ordinances provide that the cost of delinquent citation collections may be passed on to the parking violator, **for any citation issued after 9/10/2008**, so an amount equal to the Contractor's commission times the unpaid balance due on the citation (fine plus penalties) is added to the amount due prior to referral to the Contractor.

Schedules of fines, penalties, other fees, and due dates for payments are subject to modification by City Commission action from time to time and Contractor agrees that citations referred for collection after the date of such action will reflect such amended schedules.

A. NEW DELINQUENT ACCOUNT REFERRALS

Only delinquent citations issued after the contract start date under this RFP will be referred to the Contractor.

Unpaid citations with a balance of \$10.00 or more are referred for collection 90 days after issuance, in the next scheduled weekly export. We will provide the following information, if available: citation issue date; citation number; vehicle license plate number; vehicle make; violation code; base fee; penalty; vehicle owner's first and last name or business name, and address as registered by the Department of Motor Vehicles. Citations issued to rental agency vehicles will be referred with the responsible party's name and address if an affidavit from the agency has been recorded, certifying the renter in possession of the vehicle at the time of the violation, according to Florida law.

Citations that are under appeal, as provided by City Ordinance, or on temporary administrative hold, will not be referred for collection.

Parking Services or its representatives reserve the right to determine which delinquent accounts are to be turned over to the contractor for collection.

Customer disputes over citations referred for collection shall be referred to the City for handling and resolution. City contacts will be provided for such customer contact referrals. The Contractor is prohibited from dismissing citations, waiving any fines or fees, adding fees other than NSF or returned check charges, or reducing the amount due without specific written pre-

approval by authorized City personnel.

B. CITATIONS PREVIOUSLY REFERRED TO OTHER COLLECTION AGENCIES

It is anticipated that some repeat violators will also have previous citations that have been referred to the current primary and/or secondary collection agency and may send payment to Contractor awarded under this RFP regardless of where their billing directs payment. It is also possible that citations referred to this RFP's Contractor will be sent to the former collection agency who will be actively collecting on previously referred citations. It is preferred that the Contractor under this RFP forward such mis-directed payments to the current collection agency for processing and the current collection agency will do the same for the Contractor. **NOTE: If a payment includes both a citation referred to the Contractor and one not referred to the Contractor, that check shall be forwarded to the City for processing and each collection agency will receive their respective commission.**

For citations issued prior to 9/11/2008, no fee is added to the amount due from the customer; the commission is calculated on the total collected on these citations. The Contractor will deposit the total amount collected from the customer (gross) and invoice the City for the amount of commission fees due, calculated as the amount collected multiplied by the commission percentage. Parking Services will remit the fees due according to the payment terms shown herein.

C. WITHDRAWAL OF UNCOLLECTED ACCOUNTS

If the Contractor is unsuccessful in his attempts to collect the debt within 180 days from the date of placement, the account (citation) may be withdrawn from the Contractor and may be referred to a secondary collection agency for collection. **No fees shall be paid to the primary agency for payments collected by the City more than 14 days subsequent to the withdrawal of the account from the Contractor. Fees will be paid on all payments made directly to the Contractor and deposited in the City's account for citations previously referred to the Contractor for collection.**

D. CALCULATION OF COLLECTION COMMISSIONS/FEEES; PAYMENT TRANSMITTAL

The ordinance regarding passing collection fees on to the parking consumer was amended by the City Commission effective 9/11/2008. Therefore, **for citations issued after 9/10/2008**, Parking Services adds the fee for delinquent citation collection to the total amount due from the customer to pass those collection costs on to the customer. The fee will be added on prior to referral to the Contractor. The Contractor will deposit the total amount collected (including the collection fee) and invoice the City monthly for the fees due from citation collections. The amount of the commission due will be calculated on the amount paid net of the add-on commission (only the unpaid base fine plus penalty due) not on the gross amount collected. For example, if the fine plus penalty is \$100 and the commission is 22%, the customer will pay \$122 but the commission due is \$22.00, (18.03% of the amount collected), not \$26.84 (22% of the total collected). The net effect will be zero cost to the City.

Payments received by the Contractor shall be processed on the day received and a printable detail report and electronic payment file, in a format and layout acceptable by the City and Contractor, shall be made available to designated City staff on-line, and/or via e-mail at the end of each month, or more frequently, if available. The Contractor shall provide detail and summary reports monthly, in a format exportable to Excel, to account for all citations referred to the Contractor on a monthly and inception-to-date basis, the payments and refunds made against the accounts on a monthly and inception-to-date basis, and the unpaid balances of all accounts referred and still active with the Contractor. The City requires an electronic detailed

citation collection report in Excel or CSV format, with payments identified as collected by the Contractor or collected by the City, to support each invoice, including the following data: citation number, citation issue date, payment date, an indicator as to Contractor or City collection, the amount deposited, and the fee being billed for that account. These reports may be made available via the Internet, on an FTP site, or by other electronic means acceptable to the City.

Payments received by the City (directly via mail or walk-in customer, via credit card online, or through our lockbox service) for citations referred to the Contractor will be posted and transmitted to the Contractor, in a format/layout and time-frame acceptable to the City and Contractor but not less often than weekly. Parking Services will provide the Contractor an electronic file of citation numbers, amounts collected, refunds, fee waivers, and other necessary data requested and available in the citation management database to update the Contractor's account balances.

The Contractor agrees to send the City an electronic file of payments collected, once each month, no later than the 5th business day of the following month or a fixed date mutually agreed upon, to update the City's account balances. Such file will contain the data and be formatted as detailed in the 'technical requirements' section of this RFP.

Customer collection billings shall indicate that payment is to be made directly to the Contractor and it is preferred that a payment envelope addressed to the Contractor be provided by the Contractor with such billings. Deposits shall be made to the City's account daily. The City will deposit any payments made directly to the City or its lockbox service and that information will be included in the weekly payment file transmitted to the Contractor to update customer account balances.

From time to time, citations may be dismissed or partial fees waived by the City and such information shall be transmitted to the Contractor in the 'refresh file' so that the account balances can be adjusted accordingly. In addition, customer overpayments are refunded by the City and such refunds must be reflected on the customer account by the Contractor. Contractor shall not make any refunds to customers without specific approval by designated City staff. Any collections fees paid previously to the Contractor on such account overpayments will be deducted by the Contractor from that month's invoice.

In order to facilitate the orderly transfer of accounts placed for collection, we have prepared an interface for all placements. This common format will permit the orderly transfer of data to and from the vendor.

E. INVOICING FOR PARKING CITATION COLLECTIONS

If applicable, the Contractor's database must be able to distinguish between those accounts with fees added (issued after 9/10/08) and those issued prior to the fee-added date (issued prior to 9/11/08). The Contractor must be able to distinguish between payments collected by the Contractor and those collected by the City. The invoice for commissions/fees shall clearly delineate the four subsets of payments collected and related fees due: (1 & 2) Payments on citations issued prior to 9/11/08 and paid to the Contractor and those paid to the City, if any, and (3 and 4) payments on citations issued after 9/10/08 and paid to the Contractor and those paid to the City. Contractor shall submit one invoice for delinquent citation collections each month and provide the detail of invoiced payments and adjustments, to support such invoice, monthly in Excel or CSV format.

The City prefers that Contractor maintain images of customer checks for research purposes in case of refund requests, disputes of amounts paid, account reconciliation, audit requests, or

public records requests. Proposer shall provide a statement in the Proposal indicating whether such images will be available. If Contractor chooses not to maintain a file of such images, Contractor shall be required to obtain such images from the bank within 5 business days, at no cost to the City, if requested for specific account payment research by the City.

The City shall review and approve all letters prior to Contractor use for collections on behalf of the City.

02. TECHNICAL SPECIFICATIONS:

A. QUALIFICATIONS OF PROPOSERS

(1) All proposers must furnish to the City satisfactory evidence that they have operated and had experience in the parking citation delinquent collection service, as outlined in the RFP specifications, for a period of not less than two (2) years.

(2) In order to qualify to submit a proposal in response to this RFP, and at all times during the term of the Contract that arises out of this RFP, the Contractor must be registered with the Office of Financial Regulation of the Financial Services Commission of the State of Florida as a consumer collection agency pursuant to Section 559.553, Florida Statutes (2010), or be exempt from registration. Contractor shall so indicate in Contractor's response to the RFP and cite with specificity the provision of law that Contractor suggests exempts Contractor from such registration.

(3) Proposers shall demonstrate to the satisfaction of the City that they have adequate financial resources, experienced personnel, performance record, and the expertise to perform the required services. No contract will be awarded to any Proposer who, as determined by the City, has an unsatisfactory performance record, or inadequate experience, or lacks the necessary capital, organization and/or equipment to perform the services as required in the RFP. Failure to provide such documentation in the proposal submitted shall be considered evidence of such inability to perform the required services. Offers to provide documentation upon award of the contract will be considered failure to provide such required documentation in the evaluation process.

(4) Proposers shall provide documentation to support the qualifications criteria as part of the RFP response.

(5) Contractor should have wholly owned offices in principal cities, or established subcontractors in principal cities, who also meet the City's qualifications requirements. If proposer intends to use any subcontractors in the performance of these services, the names of all such subcontractors shall be included as part of the RFP response.

(6) Subcontractors shall be subject to the same requirements as the Contractor, as contained in the RFP. The City reserves the right to accept or reject any proposed subcontractor, if it determines that such subcontractor does not meet the RFP specifications.

(7) The Contractor shall have either a Broward County or toll free (800) telephone number(s) for City and customer contact purposes.

(8) Proposers should submit a current Statement on Auditing Standards No. 70 (SAS 70) report with the proposal. For information as to SAS70 requirements, you may visit http://sas70.com/sas70_overview.html. If your firm cannot provide a SAS70 report, include a copy of your internal controls and procedures that have been established to safeguard the City's information and payment collections. Proposals that do not include a current SAS70 report will be scored accordingly in the evaluation, as detailed in the scoring criteria.

(9) **Price proposal must be a percentage of amount collected on the fine plus penalties only. Proposals of tiered or variable commission arrangements will not be accepted because of the City's technical limitations.**

(10) Proposers must be registered to do business in the State of Florida and provide proof of such registration in the proposal.

(11) Any exceptions to the requirements listed in this RFP must be clearly noted in the Proposer's response and any alternative proposed, if any, shall be explained in the response.

B. DATA COMMUNICATIONS REQUIREMENTS

The successful Contractor must have the capability to send and receive **ASCII** data files via e-mail. Files are generated from UNIX-based host applications, transferred to a Windows-based PC, and sent via the Microsoft Outlook mail client. The City requires the Contractor to provide and maintain a valid e-mail address where files may be sent. The City will provide a return e-mail address for receiving updated files from the Contractor.

C. REMITTANCES TO THE CITY

The Contractor shall provide and remit to the City on a monthly basis, an electronic payment file with the following information for each citation paid that month:

- (1) the gross amount collected for the month;
- (2) date of payment, and
- (3) the citation number.

D. REPORTING

The Contractor shall make the following reports available on-line and in printable format:

- (1) Acknowledgment Report-provided after the receipt of new accounts confirming the number of accounts and total due.
- (2) Client Status Report-detailing and summarizing collection information and status for all accounts that were submitted to the Contractor.
- (3) Payment Analysis Summary, By Month, -allows the City to follow the collection progress. This report shall include collection percentages as well as full and partial payments received.
- (4) Client Cancellation Report-provides a listing of those accounts removed from the collection process and returned to the City.
- (5) Monthly Statement-includes details of all amounts collected, by account, commission due for services rendered, original amount submitted and percentage collected.

Include a sample of reports available within this scope of services and list the formats in which the reports can be delivered to Parking Services, (ex: PDF, CSV, Excel, etc).

E. BONDING & LIABILITY REQUIREMENTS

The Contractor shall comply with the licensing and bonding requirements for the State of Florida and Broward County.

F. CONTRACTOR PERFORMANCE

The Contractor shall adhere to the Code of Ethics and Professional Responsibility of ACA International, The Association of Credit and Collections Professionals and the Fair Debt Collection Practices Act.

The contractor shall protect the reputation and ethics of the City of Fort Lauderdale. The Contractor shall not forward any City account, or details of any account, to any other agency except to the Contractor's wholly owned branch.

G. LEGAL ACTION

No legal action will be taken by the Contractor in connection with the contract collection services without the express written approval and direction of the City Attorney. It is the City's desire to litigate where deemed 'cost effective' by the selected agency. Prior to litigation, Contractor shall obtain approval from the City. It is preferable to have local legal representation.

H. BANKRUPTCY CLAIMS

The fines and penalties due on parking citations issued by the City of Fort Lauderdale are government fines and are generally not discharged under Florida's bankruptcy laws. Contractor shall notify the City of any bankruptcy claims on referred citations and continue to seek collection on those accounts unless otherwise notified in writing by Parking Services or the City Attorney.

- 03. FILE LAYOUTS:** The following pages specify the file layouts that electronic citation and payment data to and from the Contractor must conform to.

**Layout of Collection Agency Payment File
Processed once a month**

Fixed width Text File

| Field Name | Field Size | Format | Notation |
|------------------|------------|-------------------|------------------------------|
| | | | |
| Ticket_ID | 13 | | Citation Number |
| Date_Paid | 10 | MM/DD/YYYY | Citation Payment Date |
| Amount | 7 | 0000.00 | Amount Paid |
| | | | |
| | | | |

**Layout of Collection Initial Payments File from T2 Flex Parking System
Partial Payments taken on citations in the Initial Referral File**

Fixed width Text File

| Field Name | Field Size | Format | Notation |
|-----------------------|------------|-----------------|---|
| | | | |
| Issue_Date | 8 | YYYYMMDD | Citation Issue Date |
| Con_Ticket_ID | 10 | | Citation Number |
| License_Number | 10 | | License Tag Number |
| State_Code | 3 | | License Tag State |
| Agency | 8 | Constant | Agency who took payment |
| Blank | 10 | | Blank |
| Payment Date | 8 | YYMMDD | Date Payment was received |
| Cash_Paid | 7 | 0000.00 | Total of all payments taken Agency |

| | | | |
|--------|----|--|---------------------------------------|
| Blank | 10 | | Blank |
| Blank | 10 | | Blank |
| Source | 20 | | Process by which payment was received |

**Layout of Collection Agency Referral File from T2 Flex Parking System
Citation amount \$10.00 or greater Citation Issue Date 91 days old**

Fixed width Text File

| Field Name | Field Size | Format | Notation |
|-------------------------|------------|----------|--|
| Con_Ticket_ID | 10 | | Citation Number |
| Issue_Date | 8 | YYYYMMDD | Citation Issue Date |
| Issue_Time | 4 | Hhnn | Citation Issue Time |
| Location | 80 | | Citation Where Issued |
| Location_Part_2 | 80 | | Blank |
| License_Number | 10 | | License Tag Number |
| State_Code | 3 | | License Tag State |
| Plate_Type | 3 | | Blank |
| License_Exp | 8 | YYYYMMDD | License Tag Exp Date |
| Vin | 25 | | Vehicle Identification Number |
| Cited_Make | 15 | | Vehicle Make |
| Model | 15 | | Vehicle Model |
| Vehicle_Style | 4 | | Blank |
| Manuf_Year | 4 | YYYY | Blank |
| Full_Name | 40 | | Vehicle RO Name |
| IsValidaddress | 1 | | Valid Address Flag |
| Primary_Street | 40 | | RO Address Street |
| Secondary_Street | 40 | | Blank |
| City | 30 | | RO Address City |
| County | 30 | | Blank |
| State | 3 | | RO Address State |
| Zip | 10 | | RO Address Zip |
| Sex | 1 | | Blank |
| Violation_Code | 30 | | Citation Violation Code |
| Violation_Description | 80 | | Citation Violation Description |
| Total_NSF | 7 | 0000.00 | NSF Fee |
| Amount_Due | 7 | 0000.00 | Citation Total Amount Due |
| Initial_Due_Date | 8 | YYYYMMDD | Citation Due Date |
| Calculated_1 | 7 | | Blank |
| Ticket_Status | 3 | | Always Letters OP |
| Ticket_Status_Date | 8 | YYYYMMDD | Date Referral File was created |
| DMV_Hold_Status | 3 | | Denotes status of State of Florida DMV Hold HO =On Hold HM=State not able to process hold |
| DMV_Hold_Status_Date | 8 | YYYYMMDD | Date State of FL put the tag on hold |
| Collections_Sent_Date | 8 | YYYYMMDD | Date Referral File was created |
| Export_Collections_AG | 8 | Constant | Denotes name of collection agency |
| Vic_Fine | 7 | 0000.00 | Base Fine Amount |
| Late_Notice_2_Sent_Date | 8 | | Date Fort Lauderdale sent last notice |
| Boot_Notice_Sent_Date | 8 | YYYYMMDD | Date Fort Lauderdale sent boot notice |
| Late_Fee_Set_Date | 8 | YYYYMMDD | Date of 1 st Late Fee Citation Issue Date + 30 |
| Late_Fee_2_Set_Date | 8 | YYYYMMDD | Date of 2 nd Late Fee Citation Issue Date+ 45 |

| | | | |
|--------------------|---|---------|--|
| Total Late Fees | 7 | 0000.00 | Total of all late fees |
| Penalty Fee | 7 | 0000.00 | Blank |
| Other Fee | 7 | 0000.00 | Blank |
| Administrative Fee | 7 | 0000.00 | Collection Agency Add on Fee |
| Total Voided | 7 | 0000.00 | Blank |
| Total Waived | 7 | 0000.00 | Blank |
| Total Dismissed | 7 | 0000.00 | Blank |
| Cash Paid | 7 | 0000.00 | Total of all payments taken by Fort Lauderdale |
| Blank | 2 | | Blank |

Layout of Collection Agency Refresh and Payment Files from T2 Flex Parking System.
 Updates taken at Fort Lauderdale on citations previously referred to collections.

Fixed width Text File Refresh File Layout

| Field Name | Field Size | Format | Notation |
|----------------------------|------------|----------|--|
| Con_Ticket_ID | 10 | | Citation Number |
| Issue_Date | 8 | YYYYMMDD | Citation Issue Date |
| Issue_Time | 4 | Hhnn | Citation Issue Time |
| Location | 80 | | Citation Where Issued |
| Location_Part_2 | 80 | | Blank |
| License_Number | 10 | | License Tag Number |
| State_Code | 3 | | License Tag State |
| Plate Type | 3 | | Blank |
| License_Exp | 8 | YYYYMMDD | License Tag Exp Date |
| Vin | 25 | | Vehicle Identification Number |
| Cited_Make | 15 | | Vehicle Make |
| Model | 15 | | Vehicle Model |
| Vehicle_Style | 15 | | Blank |
| Manuf_Year | 4 | YYYY | Blank |
| Full_Name | 40 | | Vehicle RO Name |
| Isvalidaddress | 1 | | Valid Address Flag |
| Primary_Street | 40 | | RO Address Street |
| Secondary_Street | 40 | | Blank |
| City | 30 | | RO Address City |
| County | 30 | | Blank |
| State | 3 | | RO Address State |
| Zip | 10 | | RO Address Zip |
| Sex | 1 | | Blank |
| Violation_Code | 30 | | Citation Violation Code |
| Violation_Description | 80 | | Citation Violation Description |
| Total_NSF | 7 | 0000.00 | NSF Fee |
| Amount_Due | 7 | 0000.00 | Citation Total Amount Due |
| Initial_Due_Date | 8 | YYYYMMDD | Citation Due Date |
| Collection Previous Amount | 7 | 0000.00 | Amount Due + Anypay +Total Dismissed + Total Waived + Total Voided |
| Ticket_Status | 3 | | If Amount Due =0, then CL else OP |
| Ticket_Status_Date | 8 | YYYYMMDD | Date of DMV Hold or Citation change after Referral Created |
| DMV_Hold_Status | 3 | | Denotes status of State of Florida DMV Hold HO =On Hold HM=State not able to process hold |

| | | | |
|--------------------------------|---|----------|--|
| DMV Hold Status Date | 8 | YYYYMMDD | Date State of FL put the tag on hold |
| Collections Sent Date | 8 | YYYYMMDD | Date Referral File was created |
| Export Collections AG | 8 | Constant | Denotes name of collection agency |
| Vic Fine | 7 | 0000.00 | Base Fine Amount |
| Late Notice 2 Sent Date | 8 | | Date Fort Lauderdale sent last notice |
| Boot Notice Sent Date | 8 | YYYYMMDD | Date Fort Lauderdale sent boot notice |
| Late Fee Set Date | 8 | YYYYMMDD | Date of 1 st Late Fee |
| Late Fee 2 Set Date | 8 | YYYYMMDD | Date of 2 nd Late Fee |
| Total Late Fees | 7 | 0000.00 | Total of all late fees |
| Penalty Fee | 7 | 0000.00 | Blank |
| Other Fee | 7 | 0000.00 | Blank |
| Administrative Fee | 7 | 0000.00 | Collection Agency Add on Fee |
| Total Voided | 7 | 0000.00 | Blank |
| Total Waived | 7 | 0000.00 | Blank |
| Total Dismissed | 7 | 0000.00 | Blank |
| Cash Paid | 7 | 0000.00 | Total of all payments taken by Fort Lauderdale |
| Blank | 2 | | Blank |

Fixed width Text File Payment File Layout

| Field Name | Field Size | Format | Notation |
|-------------------------------------|-------------------|---------------|----------------------------|
| issue Date | 8 | YYYYMMDD | Citation Issue Date |
| Citation Number | 10 | | Citation |
| License Number | 10 | | License Tag Number |
| State Code | 3 | | License Tag State |
| Payment received at location | 8 | Constant | Denotes FTL |
| Payment Date | 8 | YYYYMMDD | Date Payment was Received |
| Credit | 7 | 0000.00 | Amount Received except NSF |
| Waived | 7 | 0000.00 | Amount Removed by FTL |
| NSF Fee Payment | 7 | 0000.00 | Amount Received for NSF |
| Money Kind | 15 | | Payment Source/Type |
| Blank | 2 | | Blank |

PART V – PROPOSAL EVALUATION CRITERIA

The award of the contract will be based on certain objective and subjective considerations listed below:

Lowest Percent Collection Fee for total amount collected.
(The lowest cost to the City, or its customers, shall receive maximum points)

| | |
|-----------------------|----|
| Percentage commission | 30 |
|-----------------------|----|

TOTAL OF 30 POINTS

Proposer demonstrated experience, qualifications, and past performance, rate of account collections. This includes: ability to meet the RFP requirements, facilities, customer, financial and business references. (Including Better Business Bureau, Chamber of Commerce & State's Attorneys' Office).

| | |
|-------------------------------------|----|
| Past performance and qualifications | 10 |
| Financial ability | 10 |
| Current SAS70 report | 10 |
| Financial and Client References | 10 |

TOTAL OF 40 POINTS

Proposed methods utilized for delinquent account collections, and resources available for collection of City accounts, reporting of account activity.

| | |
|---|----|
| Scope of collection activities proposed | 10 |
| Demonstration of adequate organizational and technology resources | 10 |
| Adequacy of account activity reporting | 10 |

TOTAL OF 30 POINTS

MAXIMUM TOTAL POINTS 100

An evaluation committee of qualified City Staff or other persons selected by the City will conduct evaluations of proposals. It may be a two-step process. In step one; the committee will evaluate all responsive proposals based upon the information and references contained in the proposals as submitted. The committee will score and rank all responsive proposals and determine a minimum of three (3), if more than three (3) proposals are responsive, to be finalists for further consideration. In the event there are less than three (3) responsive proposals, the committee will give further consideration to all responsive proposals received. In step two, the committee may then conduct discussions (oral presentations), for clarification purposes only, with the finalists and re-score and re-rank the finalists' proposals. The evaluation committee may then make a recommendation, resulting from this process, to the City Manager for award of a contract.

The City may require visits to customer installations or demonstrations of product by Contractor's, as part of the evaluation process.

The City of Fort Lauderdale reserves the right, before awarding the contract, to require a Proposer to submit any evidence of its qualifications as the City may deem necessary, and to consider any evidence available of financial, technical and other qualifications and capabilities, including performance experience with past and present users.

The City of Fort Lauderdale reserves the right to request additional clarifying information and request an oral presentation from any and all Proposers prior to determination of award.

The City reserves the right to award the contract to that Proposer who will best serve the interest of the City. The City reserves the right based upon its deliberations and in its opinion, to accept or reject any or all proposals. The City also reserves the right to waive minor irregularities or variations to the specifications and in the bidding process.

The City uses a mathematical formula for determining allocation of cost points to each responsive, responsible proposer. The lowest, responsive, responsible proposer receives the maximum allowable points. When using this formula, a proposer that submits a cost or fee which is two times greater than the cost/fee of the lowest responsive, responsible proposer, will result in receiving zero points for cost.

2^{nd} lowest cost minus lowest cost = X

X divided by lowest cost = Y

Y times the total number of cost points = Z

Total number of cost points minus Z = points assigned to 2^{nd} lowest vendor and so on.

PART VI - REQUIREMENTS OF THE PROPOSAL

All proposals must be submitted as specified on the proposal pages, which follow. Any attachments must be clearly identified. To be considered, the proposal must respond to all parts of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. If publications are supplied by a proposer to respond to a requirement, the response should include reference to the document number and page number. Proposals not providing this reference will be considered to have no reference material included in the additional documents. The City prefers all responses to this RFP to be less than 50 pages and that the Contractor utilize recyclable materials as much as possible. Expensive or fancy binders are not preferred.

All proposals must be submitted in a sealed package with the RFP number, due date, and RFP title clearly marked on the outside. If more than one package is submitted they should be marked 1 of 2, etc.

THIS IS A PAPER RFP WITH CD. Only paper submittals will be accepted. Electronic or Fax submittals will not be accepted. All proposals must be received by the City of Fort Lauderdale, in the Procurement Services Department, Room 619, City Hall, 100 North Andrews Avenue, Fort Lauderdale, Florida, 33301 prior to 2:00 pm on the date specified in PART II – RFP SCHEDULE. Submittal of response by fax or e-mail will NOT be acceptable.

PROPOSERS MUST SUBMIT AN IDENTIFIED ORIGINAL COPY PLUS (8) COPIES OF THE PROPOSAL PAGES INCLUDING ANY ATTACHMENTS

THE ABOVE REQUIREMENT TOTALS 9 COPIES OF YOUR PROPOSAL. CONTRACTOR SHOULD SUBMIT YOUR PROPOSAL ALSO ON A CD. FAILURE TO PROVIDE PROPOSALS AS STATED ABOVE, MAY BE GROUNDS TO FIND CONTRACTOR NON-RESPONSIVE.

The proposer understands that the information contained in these Proposal Pages is to be relied upon by the City in awarding the proposed Agreement, and such information is warranted by the proposer to be true. The proposer agrees to furnish such additional information, prior to acceptance of any proposal, relating to the qualifications of the proposer, as may be required by the City.

A representative who is authorized to contractually bind the Contractor shall sign the RFP/Proposal Signature page. Omission of a signature on that page may result in rejection of your proposal.

PART VII - PROPOSAL PAGES – COST PROPOSAL

Lowest Cost: Contractor must quote firm, fixed, commission rate for all services identified in this request for proposal. This firm fixed rate includes any costs for travel to the City. No other costs will be accepted. This firm fixed commission rate will be the same for the initial contract period.

TOTAL FIRM FIXED COMMISSION FEE (INITIAL CONTRACT PERIOD)

_____ % of the base fine plus penalties collected (before commission add-on)

PART VIII - PROPOSAL PAGES - TECHNICAL PROPOSAL

The following issues should be fully responded to in your proposal in concise narrative form. Additional sheets should be used, but they should reference each issue and be presented in the same order.

- Tab 1: RFP/Proposal Signature page
- Tab 2: Non-Collusion Statement
- Tab 3: Letter of Interest, The letter of interest may contain any other information not in the proposal but should not exceed two (2) pages.
- Tab 4: Statement of Proposed Services. Proposals should respond to scope of work. They should be no longer than twelve (12) pages (single sided), and be comprised of three general components: (a) an assessment of capability and approach to perform the scope of service; (b) identification of Proposer's distinctive competence, staff qualifications assigned to this account with their experience and skills they bring to this assignment, along with resume of experience and qualifications; (c) estimated timetables (e.g. marketing).
- Tab 5: Business Licenses. Evidence that your firm and/or persons performing the work are licensed to do business in the State of Florida and registration as a consumer collection agency.
- Tab 6: Evidence of Insurance. Certificate of Insurance showing coverage, forms, limits. Actual insurance certificates will be required from recommended contractor, prior to award.
- Tab 7: Proposer's assessment of the City of Fort Lauderdale's needs and the quality of the proposal to meet those needs, including a plan/outline.
- Tab 8: Proposer's ability to assign appropriate resources to the account in a timely manner.
- Tab 9: Additional services available in-house, not requested by the City in Part IV - technical specifications/scope of work with fee schedule for those services (For Informational Purposes Only).
- Tab 10: List of 6 clients/references for whom you have provided citation collection services in the last three years; Provide agency name, address, telephone number, contact person, and date service was provided. Be prepared to provide, upon request, evidence of work product, ability to meet schedules, cooperation, and responsiveness. Attach additional sheets if necessary.
- Tab 11: Proposal Pages – Cost Proposal
- Tab 12: Financial Statements and SAS70 or Internal Control procedures
- Tab 13: Plan to ensure data integrity and security, continuation of services, and data recovery in case of disaster or emergency.
- Tab 14: Samples of required reports and any additional attachments to your proposal.

The proposer understands that the information contained in these Proposal Pages is to be relied upon by the City in awarding the proposed Agreement, and such information is warranted by the proposer to be true. The proposer agrees to furnish such additional information, prior to acceptance of any proposal, relating to the qualifications of the proposer, as may be required by the City.

COMPLETE AND RETURN THE REQUIRED NUMBER OF PROPOSAL PAGES AND ATTACHMENTS.

PROPOSAL IDENTIFICATION: If mailed, please indicate on the face of your sealed proposal package the following:

RFP NO. 525-10821

OPENS 09/22/11

**City of Fort Lauderdale
GENERAL CONDITIONS**

These instructions are standard for all contracts for commodities or services issued through the City of Fort Lauderdale Procurement Services Department. The City may delete, supersede, or modify any of these standard instructions for a particular contract by indicating such change in the Invitation to Bid (ITB) Special Conditions, Technical Specifications, Instructions, Proposal Pages, Addenda, and Legal Advertisement. In this general conditions document, Invitation to Bid (ITB) and Request for Proposal (RFP) are interchangeable.

PART I BIDDER PROPOSAL PAGE(S) CONDITIONS:

- 1.01 BIDDER ADDRESS:** The City maintains automated vendor address lists that have been generated for each specific Commodity Class item through our bid issuing service, BidSync. Notices of Invitations to Bid (ITB'S) are sent by e-mail to the selection of bidders who have fully registered with BidSync or faxed (if applicable) to every vendor on those lists, who may then view the bid documents online. Bidders who have been informed of a bid's availability in any other manner are responsible for registering with BidSync in order to view the bid documents. There is no fee for doing so. If you wish bid notifications be provided to another e-mail address or fax, please contact BidSync. If you wish purchase orders sent to a different address, please so indicate in your bid response. If you wish payments sent to a different address, please so indicate on your invoice.
- 1.02 DELIVERY:** Time will be of the essence for any orders placed as a result of this ITB. The City reserves the right to cancel any orders, or part thereof, without obligation if delivery is not made in accordance with the schedule specified by the Bidder and accepted by the City.
- 1.03 PACKING SLIPS:** It will be the responsibility of the awarded Contractor, to attach all packing slips to the OUTSIDE of each shipment. Packing slips must provide a detailed description of what is to be received and reference the City of Fort Lauderdale purchase order number that is associated with the shipment. Failure to provide a detailed packing slip attached to the outside of shipment may result in refusal of shipment at Contractor's expense.
- 1.04 PAYMENT TERMS AND CASH DISCOUNTS:** Payment terms, unless otherwise stated in this ITB, will be considered to be net 30 days after the date of satisfactory delivery at the place of acceptance and receipt of correct invoice at the office specified, whichever occurs last. Bidder may offer cash discounts for prompt payment but they will not be considered in determination of award. If a Bidder offers a discount, it is understood that the discount time will be computed from the date of satisfactory delivery, at the place of acceptance, and receipt of correct invoice, at the office specified, whichever occurs last.
- 1.05 TOTAL BID DISCOUNT:** If Bidder offers a discount for award of all items listed in the bid, such discount shall be deducted from the total of the firm net unit prices bid and shall be considered in tabulation and award of bid.
- 1.06 BIDS FIRM FOR ACCEPTANCE:** Bidder warrants, by virtue of bidding, that the bid and the prices quoted in the bid will be firm for acceptance by the City for a period of ninety (90) days from the date of bid opening unless otherwise stated in the ITB.
- 1.07 VARIANCES:** For purposes of bid evaluation, Bidder's must indicate any variances, no matter how slight, from ITB General Conditions, Special Conditions, Specifications or Addenda in the space provided in the ITB. No variations or exceptions by a Bidder will be considered or deemed a part of the bid submitted unless such variances or exceptions are listed in the bid and referenced in the space provided on the bidder proposal pages. If variances are not stated, or referenced as required, it will be assumed that the product or service fully complies with the City's terms, conditions, and specifications.
- 1.08 NO BIDS:** If you do not intend to bid please indicate the reason, such as insufficient time to respond, do not offer product or service, unable to meet specifications, schedule would not permit, or any other reason, in the space provided in this ITB. Failure to bid or return no bid comments prior to the bid due and opening date and time, indicated in this ITB, may result in your firm being deleted from our Bidder's registration list for the Commodity Class Item requested in this ITB.
- 1.09 MINORITY AND WOMEN BUSINESS ENTERPRISE PARTICIPATION AND BUSINESS DEFINITIONS:** The City of Fort Lauderdale wants to increase the participation of Minority Business Enterprises (MBE), Women Business Enterprises (WBE), and Small Business Enterprises (SBE) in its procurement activities. If your firm qualifies in accordance with the below definitions please indicate in the space provided in this ITB.

Minority Business Enterprise (MBE) "A Minority Business" is a business enterprise that is owned or controlled by one or more socially or economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

The term "Minority Business Enterprise" means a business at least 51 percent of which is owned by minority group members or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by minority group members. For the purpose of the preceding sentence, minority group members are citizens of the United States who include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

Women Business Enterprise (WBE) a "Women Owned or Controlled Business" is a business enterprise at least 51 percent of which is owned by females or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by females.

Small Business Enterprise (SBE) "Small Business" means a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit, which is independently owned and operated, has either fewer than 100 employees or less than \$1,000,000 in annual gross receipts.

BLACK, which includes persons having origins in any of the Black racial groups of Africa.

WHITE, which includes persons whose origins are Anglo-Saxon and Europeans and persons of Indo-European decent including Pakistani and East Indian.

HISPANIC, which includes persons of Mexican, Puerto Rican, Cuban, Central and South American, or other Spanish culture or origin, regardless of race.

NATIVE AMERICAN, which includes persons whose origins are American Indians, Eskimos, Aleuts, or Native Hawaiians.

ASIAN AMERICAN, which includes persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

1.09 MINORITY-WOMEN BUSINESS ENTERPRISE PARTICIPATION

It is the desire of the City of Fort Lauderdale to increase the participation of minority (MBE) and women-owned (WBE) businesses in its contracting and procurement programs. While the City does not have any preference or set aside programs in place, it is committed to a policy of equitable participation for these firms. Proposers are requested to include in their proposals a narrative describing their past accomplishments and intended actions in this area. If proposers are considering minority or women owned enterprise participation in their proposal, those firms, and their specific duties have to be identified in the proposal. If a proposer is considered for award, he or she will be asked to meet with City staff so that the intended MBE/WBE participation can be formalized and included in the subsequent contract.

Part II. DEFINITIONS/ORDER OF PRECEDENCE:

- 2.01 BIDDING DEFINITIONS** The City will use the following definitions in it's general conditions, special conditions, technical specifications, instructions to bidders, addenda and any other document used in the bidding process:
 INVITATION TO BID (ITB) when the City is requesting bids from qualified Bidders.
 REQUEST FOR PROPOSALS (RFP) when the City is requesting proposals from qualified Proposers.
 BID – a price and terms quote received in response to an ITB.
 PROPOSAL – a proposal received in response to an RFP.
 BIDDER – Person or firm submitting a Bid.
 PROPOSER – Person or firm submitting a Proposal.
 RESPONSIVE BIDDER – A person whose bid conforms in all material respects to the terms and conditions included in the ITB.
 RESPONSIBLE BIDDER – A person who has the capability in all respects to perform in full the contract requirements, as stated in the ITB, and the integrity and reliability that will assure good faith performance.
 FIRST RANKED PROPOSER – That Proposer, responding to a City RFP, whose Proposal is deemed by the City, the most advantageous to the City after applying the evaluation criteria contained in the RFP.
 SELLER – Successful Bidder or Proposer who is awarded a Purchase Order or Contract to provide goods or services to the City.
 CONTRACTOR – Successful Bidder or Proposer who is awarded a Purchase Order, award Contract, Blanket Purchase Order agreement, or Term Contract to provide goods or services to the City.
 CONTRACT – A deliberate verbal or written agreement between two or more competent parties to perform or not to perform a certain act or acts, including all types of agreements, regardless of what they may be called, for the procurement or disposal of equipment, materials, supplies, services or construction.
 CONSULTANT – Successful Bidder or Proposer who is awarded a contract to provide professional services to the City.
 The following terms may be used interchangeably by the City: ITB and/or RFP; Bid or Proposal; Bidder, Proposer, or Seller; Contractor or Consultant; Contract, Award, Agreement or Purchase Order.

- 2.02 SPECIAL CONDITIONS:** Any and all Special Conditions contained in this ITB that may be in variance or conflict with these General Conditions shall have precedence over these General Conditions. If no changes or deletions to General Conditions are made in the Special Conditions, then the General Conditions shall prevail in their entirety,

PART III. BIDDING AND AWARD PROCEDURES:

- 3.01 SUBMISSION AND RECEIPT OF BIDS:** To receive consideration, bids must be received prior to the bid opening date and time. Unless otherwise specified, Bidder's should use the proposal forms provided by the City. These forms may be duplicated, but failure to use the forms may cause the bid to be rejected. Any erasures or corrections on the bid must be made in ink and initialed by Bidder in ink. All information submitted by the Bidder shall be printed, typewritten or filled in with pen and ink. Bids shall be signed in ink. Separate bids must be submitted for each ITB issued by the City in separate sealed envelopes properly marked. When a particular ITB or RFP requires multiple copies of bids or proposals they may be included in a single envelope or package properly sealed and identified. Only send bids via facsimile transmission (FAX) if the ITB specifically states that bids sent via FAX will be considered. If such a statement is not included in the ITB, bids sent via FAX will be rejected. Bids will be publicly opened in the Procurement Office, or other designated area, in the presence of Bidders, the public, and City staff. Bidders and the public are invited and encouraged to attend bid openings. Bids will be tabulated and made available for review by Bidder's and the public in accordance with applicable regulations.
- 3.02 MODEL NUMBER CORRECTIONS:** If the model number for the make specified in this ITB is incorrect, or no longer available and replaced with an updated model with new specifications, the Bidder shall enter the correct model number on the bidder proposal page. In the case of an updated model with new specifications, Bidder shall provide adequate information to allow the City to determine if the model bid meets the City's requirements.
- 3.03 PRICES QUOTED:** Deduct trade discounts, and quote firm net prices. Give both unit price and extended total. In the case of a discrepancy in computing the amount of the bid, the unit price quoted will govern. All prices quoted shall be F.O.B. destination,

freight prepaid (Bidder pays and bears freight charges, Bidder owns goods in transit and files any claims), unless otherwise stated in Special Conditions. Each item must be bid separately. No attempt shall be made to tie any item or items contained in the ITB with any other business with the City.

- 3.04 TAXES:** The City of Fort Lauderdale is exempt from Federal Excise and Florida Sales taxes on direct purchase of tangible property. Exemption number for EIN is 59-6000319, and State Sales tax exemption number is 85-8013875578C-1.
- 3.05 WARRANTIES OF USAGE:** Any quantities listed in this ITB as estimated or projected are provided for tabulation and information purposes only. No warranty or guarantee of quantities is given or implied. It is understood that the Contractor will furnish the City's needs as they arise.
- 3.06 APPROVED EQUAL:** When the technical specifications call for a brand name, manufacturer, make, model, or vendor catalog number with acceptance of APPROVED EQUAL, it shall be for the purpose of establishing a level of quality and features desired and acceptable to the City. In such cases, the City will be receptive to any unit that would be considered by qualified City personnel as an approved equal. In that the specified make and model represent a level of quality and features desired by the City, the Bidder must state clearly in the bid any variance from those specifications. It is the Bidder's responsibility to provide adequate information, in the bid, to enable the City to ensure that the bid meets the required criteria. If adequate information is not submitted with the bid, it may be rejected. The City will be the sole judge in determining if the item bid qualifies as an approved equal.
- 3.07 MINIMUM AND MANDATORY TECHNICAL SPECIFICATIONS:** The technical specifications may include items that are considered minimum, mandatory, or required. If any Bidder is unable to meet or exceed these items, and feels that the technical specifications are overly restrictive, the bidder must notify the Procurement Services Department immediately. Such notification must be received by the Procurement Services Department prior to the deadline contained in the ITB, for questions of a material nature, or prior to five (5) days before bid due and open date, whichever occurs first. If no such notification is received prior to that deadline, the City will consider the technical specifications to be acceptable to all bidders.
- 3.08 MISTAKES:** Bidders are cautioned to examine all terms, conditions, specifications, drawings, exhibits, addenda, delivery instructions and special conditions pertaining to the ITB. Failure of the Bidder to examine all pertinent documents shall not entitle the bidder to any relief from the conditions imposed in the contract.
- 3.09 SAMPLES AND DEMONSTRATIONS:** Samples or inspection of product may be requested to determine suitability. Unless otherwise specified in Special Conditions, samples shall be requested after the date of bid opening, and if requested should be received by the City within seven (7) working days of request. Samples, when requested, must be furnished free of expense to the City and if not used in testing or destroyed, will upon request of the Bidder, be returned within thirty (30) days of bid award at Bidder's expense. When required, the City may request full demonstrations of units prior to award. When such demonstrations are requested, the Bidder shall respond promptly and arrange a demonstration at a convenient location. Failure to provide samples or demonstrations as specified by the City may result in rejection of a bid.
- 3.10 LIFE CYCLE COSTING:** If so specified in the ITB, the City may elect to evaluate equipment proposed on the basis of total cost of ownership. In using Life Cycle Costing, factors such as the following may be considered: estimated useful life, maintenance costs, cost of supplies, labor intensity, energy usage, environmental impact, and residual value. The City reserves the right to use those or other applicable criteria, in its sole opinion that will most accurately estimate total cost of use and ownership.
- 3.11 BIDDING ITEMS WITH RECYCLED CONTENT:** In addressing environmental concerns, the City of Fort Lauderdale encourages Bidders to submit bids or alternate bids containing items with recycled content. When submitting bids containing items with recycled content, Bidder shall provide documentation adequate for the City to verify the recycled content. The City prefers packaging consisting of materials that are degradable or able to be recycled. When specifically stated in the ITB, the City may give preference to bids containing items manufactured with recycled material or packaging that is able to be recycled.
- 3.12 USE OF OTHER GOVERNMENTAL CONTRACTS:** The City reserves the right to reject any part or all of any bids received and utilize other available governmental contracts, if such action is in its best interest.
- 3.13 QUALIFICATIONS/INSPECTION:** Bids will only be considered from firms normally engaged in providing the types of commodities/services specified herein. The City reserves the right to inspect the Bidder's facilities, equipment, personnel, and organization at any time, or to take any other action necessary to determine Bidder's ability to perform. The Procurement Director reserves the right to reject bids where evidence or evaluation is determined to indicate inability to perform.
- 3.14 BID SURETY:** If Special Conditions require a bid security, it shall be submitted in the amount stated. A bid security can be in the form of a bid bond or cashiers check. Bid security will be returned to the unsuccessful bidders as soon as practicable after opening of bids. Bid security will be returned to the successful bidder after acceptance of the performance bond, if required; acceptance of insurance coverage, if required; and full execution of contract documents, if required; or conditions as stated in Special Conditions.
- 3.15 PUBLIC RECORDS:** Florida law provides that municipal records shall at all times be open for personal inspection by any person. Section 119.01, F.S., the Public Records Law. Information and materials received by City in connection with an ITB response shall be deemed to be public records subject to public inspection upon award, recommendation for award, or 10 days after bid opening, whichever occurs first. However, certain exemptions to the public records law are statutorily provided for in Section 119.07, F.S. If the Proposer believes any of the information contained in his or her response is exempt from the Public Records Law, then the Proposer, must in his or her response, specifically identify the material which is deemed to be exempt and cite the legal authority for the exemption. The City's determination of whether an exemption applies shall be final, and the Proposer agrees to defend, indemnify, and hold harmless the City and the City's officers, employees, and agents, against any loss or damages incurred by any person or entity as a result of the City's treatment of records as public records.

3.16 PROHIBITION OF INTEREST: No contract will be awarded to a bidding firm who has City elected officials, officers or employees affiliated with it, unless the bidding firm has fully complied with current Florida State Statutes and City Ordinances relating to this issue. Bidders must disclose any such affiliation. Failure to disclose any such affiliation will result in disqualification of the Bidder and removal of the Bidder from the City's bidder lists and prohibition from engaging in any business with the City.

3.17 RESERVATIONS FOR AWARD AND REJECTION OF BIDS: The City reserves the right to accept or reject any or all bids, part of bids, and to waive minor irregularities or variations to specifications contained in bids, and minor irregularities in the bidding process. The City also reserves the right to award the contract on a split order basis, lump sum basis, individual item basis, or such combination as shall best serve the interest of the City. The City reserves the right to make an award to the responsive and responsible bidder whose product or service meets the terms, conditions, and specifications of the ITB and whose bid is considered to best serve the City's interest. In determining the responsiveness of the offer and the responsibility of the Bidder, the following shall be considered when applicable: the ability, capacity and skill of the Bidder to perform as required; whether the Bidder can perform promptly, or within the time specified, without delay or interference; the character, integrity, reputation, judgment, experience and efficiency of the Bidder; the quality of past performance by the Bidder; the previous and existing compliance by the Bidder with related laws and ordinances; the sufficiency of the Bidder's financial resources; the availability, quality and adaptability of the Bidder's supplies or services to the required use; the ability of the Bidder to provide future maintenance, service or parts; the number and scope of conditions attached to the bid.

If the ITB provides for a contract trial period, the City reserves the right, in the event the selected bidder does not perform satisfactorily, to award a trial period to the next ranked bidder or to award a contract to the next ranked bidder, if that bidder has successfully provided services to the City in the past. This procedure to continue until a bidder is selected or the contract is re-bid, at the sole option of the City.

3.18 LEGAL REQUIREMENTS: Applicable provisions of all federal, state, county laws, and local ordinances, rules and regulations, shall govern development, submittal and evaluation of all bids received in response hereto and shall govern any and all claims and disputes which may arise between person(s) submitting a bid response hereto and the City by and through its officers, employees and authorized representatives, or any other person, natural or otherwise; and lack of knowledge by any bidder shall not constitute a cognizable defense against the legal effect thereof.

3.19 BID PROTEST PROCEDURE: ANY PROPOSER OR BIDDER WHO IS NOT RECOMMENDED FOR AWARD OF A CONTRACT AND WHO ALLEGES A FAILURE BY THE CITY TO FOLLOW THE CITY'S PROCUREMENT ORDINANCE OR ANY APPLICABLE LAW MAY PROTEST TO THE DIRECTOR OF PROCUREMENT SERVICES DEPARTMENT (DIRECTOR), BY DELIVERING A LETTER OF PROTEST TO THE DIRECTOR WITHIN FIVE (5) DAYS AFTER A NOTICE OF INTENT TO AWARD IS POSTED ON THE CITY'S WEB SITE AT THE FOLLOWING LINK:
http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm

THE COMPLETE PROTEST ORDINANCE MAY BE FOUND ON THE CITY'S WEB SITE AT THE FOLLOWING LINK:
<http://www.fortlauderdale.gov/purchasing/protestordinance.pdf>

PART IV BONDS AND INSURANCE

4.01 PERFORMANCE BOND: If a performance bond is required in Special Conditions, the Contractor shall within fifteen (15) working days after notification of award, furnish to the City a Performance Bond, payable to the City of Fort Lauderdale, Florida, in the face amount specified in Special Conditions as surety for faithful performance under the terms and conditions of the contract. If the bond is on an annual coverage basis, renewal for each succeeding year shall be submitted to the City thirty (30) days prior to the termination date of the existing Performance Bond. The Performance Bond must be executed by a surety company of recognized standing, authorized to do business in the State of Florida and having a resident agent.

Acknowledgement and agreement is given by both parties that the amount herein set for the Performance Bond is not intended to be nor shall be deemed to be in the nature of liquidated damages nor is it intended to limit the liability of the Contractor to the City in the event of a material breach of this Agreement by the Contractor.

4.02 INSURANCE: If the Contractor is required to go on to City property to perform work or services as a result of ITB award, the Contractor shall assume full responsibility and expense to obtain all necessary insurance as required by City or specified in Special Conditions.

The Contractor shall provide to the Procurement Services Department original certificates of coverage and receive notification of approval of those certificates by the City's Risk Manager prior to engaging in any activities under this contract. The Contractor's insurance is subject to the approval of the City's Risk Manager. The certificates must list the City as an ADDITIONAL INSURED for General Liability Insurance, and shall have no less than thirty (30) days written notice of cancellation or material change. Further modification of the insurance requirements may be made at the sole discretion of the City's Risk Manager if circumstances change or adequate protection of the City is not presented. Bidder, by submitting the bid, agrees to abide by such modifications.

PART V PURCHASE ORDER AND CONTRACT TERMS:

5.01 COMPLIANCE TO SPECIFICATIONS, LATE DELIVERIES/PENALTIES: Items offered may be tested for compliance to bid specifications. Items delivered which do not conform to bid specifications may be rejected and returned at Contractor's expense. Any violation resulting in contract termination for cause or delivery of items not conforming to specifications, or late delivery may also result in:

- Bidders name being removed from the City's bidder's mailing list for a specified period and Bidder will not be recommended for any award during that period.
 - All City Departments being advised to refrain from doing business with the Bidder.
 - All other remedies in law or equity.
- 5.02 ACCEPTANCE, CONDITION, AND PACKAGING:** The material delivered in response to ITB award shall remain the property of the Seller until a physical inspection is made and the material accepted to the satisfaction of the City. The material must comply fully with the terms of the ITB, be of the required quality, new, and the latest model. All containers shall be suitable for storage and shipment by common carrier, and all prices shall include standard commercial packaging. The City will not accept substitutes of any kind. Any substitutes or material not meeting specifications will be returned at the Bidder's expense. Payment will be made only after City receipt and acceptance of materials or services.
- 5.03 SAFETY STANDARDS:** All manufactured items and fabricated assemblies shall comply with applicable requirements of the Occupation Safety and Health Act of 1970 as amended, and be in compliance with Chapter 442, Florida Statutes. Any toxic substance listed in Section 38F-41.03 of the Florida Administrative Code delivered as a result of this order must be accompanied by a completed Material Safety Data Sheet (MSDS).
- 5.04 ASBESTOS STATEMENT:** All material supplied must be 100% asbestos free. Bidder, by virtue of bidding, certifies that if awarded any portion of the ITB the bidder will supply only material or equipment that is 100% asbestos free.
- 5.05 OTHER GOVERNMENTAL ENTITIES:** If the Bidder is awarded a contract as a result of this ITB, the bidder may, if the bidder has sufficient capacity or quantities available, provide to other governmental agencies, so requesting, the products or services awarded in accordance with the terms and conditions of the ITB and resulting contract. Prices shall be F.O.B. delivered to the requesting agency.
- 5.06 VERBAL INSTRUCTIONS PROCEDURE:** No negotiations, decisions, or actions shall be initiated or executed by the Contractor as a result of any discussions with any City employee. Only those communications which are in writing from an authorized City representative may be considered. Only written communications from Contractors, which are assigned by a person designated as authorized to bind the Contractor, will be recognized by the City as duly authorized expressions on behalf of Contractors.
- 5.07 INDEPENDENT CONTRACTOR:** The Contractor is an independent contractor under this Agreement. Personal services provided by the Proposer shall be by employees of the Contractor and subject to supervision by the Contractor, and not as officers, employees, or agents of the City. Personnel policies, tax responsibilities, social security, health insurance, employee benefits, procurement policies unless otherwise stated in this ITB, and other similar administrative procedures applicable to services rendered under this contract shall be those of the Contractor.
- 5.08 INDEMNITY/HOLD HARMLESS AGREEMENT:** The Contractor agrees to protect, defend, indemnify, and hold harmless the City of Fort Lauderdale and its officers, employees and agents from and against any and all losses, penalties, damages, settlements, claims, costs, charges for other expenses, or liabilities of every and any kind including attorneys fees, in connection with or arising directly or indirectly out of the work agreed to or performed by Contractor under the terms of any agreement that may arise due to the bidding process. Without limiting the foregoing, any and all such claims, suits, or other actions relating to personal injury, death, damage to property, defects in materials or workmanship, actual or alleged violations of any applicable Statute, ordinance, administrative order, rule or regulation, or decree of any court shall be included in the indemnity hereunder.
- 5.09 TERMINATION FOR CAUSE:** If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Contractor shall violate any of the provisions of this Agreement, the City may upon written notice to the Contractor terminate the right of the Contractor to proceed under this Agreement, or with such part or parts of the Agreement as to which there has been default, and may hold the Contractor liable for any damages caused to the City by reason of such default and termination. In the event of such termination, any completed services performed by the Contractor under this Agreement shall, at the option of the City, become the City's property and the Contractor shall be entitled to receive equitable compensation for any work completed to the satisfaction of the City. The Contractor, however, shall not be relieved of liability to the City for damages sustained by the City by reason of any breach of the Agreement by the Contractor, and the City may withhold any payments to the Contractor for the purpose of setoff until such time as the amount of damages due to the City from the Contractor can be determined.
- 5.10 TERMINATION FOR CONVENIENCE:** The City reserves the right, in its best interest as determined by the City, to cancel contract by giving written notice to the Contractor thirty (30) days prior to the effective date of such cancellation.
- 5.11 CANCELLATION FOR UNAPPROPRIATED FUNDS:** The obligation of the City for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise authorized by law.
- 5.12 RECORDS/AUDIT:** The Contractor shall maintain during the term of the contract all books of account, reports and records in accordance with generally accepted accounting practices and standards for records directly related to this contract. The Contractor agrees to make available to the City's Internal Auditor, during normal business hours and in Broward, Miami-Dade or Palm Beach Counties, all books of account, reports and records relating to this contract should be retained for the duration of the contract and for three years after the final payment under this Agreement, or until all pending audits, investigations or litigation matters relating to the contract are closed, whichever is later.
- 5.13 PERMITS, TAXES, LICENSES:** The successful Contractor shall, at their own expense, obtain all necessary permits, pay all licenses, fees and taxes, required to comply with all local ordinances, state and federal laws, rules and regulations applicable to business to be carried out under this contract.

- 5.14 LAWS/ORDINANCES:** The Contractor shall observe and comply with all Federal, state, local and municipal laws, ordinances rules and regulations that would apply to this contract.
- 5.15 NON-DISCRIMINATION:** There shall be no discrimination as to race, sex, color, creed, age or national origin in the operations conducted under this contract.
- 5.16 UNUSUAL CIRCUMSTANCES:** If during a contract term where costs to the City are to remain firm or adjustments are restricted by a percentage or CPI cap, unusual circumstances that could not have been foreseen by either party of the contract occur, and those circumstances significantly affect the Contractor's cost in providing the required prior items or services, then the Contractor may request adjustments to the costs to the City to reflect the changed circumstances. The circumstances must be beyond the control of the Contractor, and the requested adjustments must be fully documented. The City may, after examination, refuse to accept the adjusted costs if they are not properly documented, increases are considered to be excessive, or decreases are considered to be insufficient. In the event the City does not wish to accept the adjusted costs and the matter cannot be resolved to the satisfaction of the City, the City will reserve the following options:
1. The contract can be canceled by the City upon giving thirty (30) days written notice to the Contractor with no penalty to the City or Contractor. The Contractor shall fill all City requirements submitted to the Contractor until the termination date contained in the notice.
 2. The City requires the Contractor to continue to provide the items and services at the firm fixed (non-adjusted) cost until the termination of the contract term then in effect.
 3. If the City, in its interest and in its sole opinion, determines that the Contractor in a capricious manner attempted to use this section of the contract to relieve themselves of a legitimate obligation under the contract, and no unusual circumstances had occurred, the City reserves the right to take any and all action under law or equity. Such action shall include, but not be limited to, declaring the Contractor in default and disqualifying him for receiving any business from the City for a stated period of time.

If the City does agree to adjusted costs, these adjusted costs shall not be invoiced to the City until the Contractor receives notice in writing signed by a person authorized to bind the City in such matters.

- 5.17 ELIGIBILITY:** If applicable, the Contractor must first register with the Department of State of the State of Florida, in accordance with Florida State Statutes, prior to entering into a contract with the City.
- 5.18 PATENTS AND ROYALTIES:** The Contractor, without exception, shall indemnify and save harmless the City and its employees from liability of any nature and kind, including cost and expenses for or on account of any copyrighted, patented or un-patented invention, process, or article manufactured or used in the performance of the contract, including its use by the City. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.
- 5.19 ASSIGNMENT:** Contractor shall not transfer or assign the performance required by this ITB without the prior written consent of the City. Any award issued pursuant to this ITB, and the monies, which may become due hereunder, are not assignable except with the prior written approval of the City Commission or the City Manager or City Manager's designee, depending on original award approval.
- 5.20 LITIGATION VENUE:** The parties waive the privilege of venue and agree that all litigation between them in the state courts shall take place in Broward County, Florida and that all litigation between them in the federal courts shall take place in the Southern District in and for the State of Florida.

NON-COLLUSION STATEMENT:

By signing this offer, the vendor/contractor certifies that this offer is made independently and *free* from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

NAME

RELATIONSHIPS

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: Proposals must be submitted by hard copy only. It will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Department, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Please Note: All fields below **must** be completed. If the field does not apply to you, please note N/A in that field.

Submitted by: _____
(signature) (date)

Name (printed) _____ Title: _____

Company: (Legal Registration) _____

CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit <http://www.dos.state.fl.us/>).

Address: _____

City _____ State: _____ Zip _____

Telephone No. _____ FAX No. _____ Email: _____

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): _____

Payment Terms (section 1.04): _____ Total Bid Discount (section 1.05): _____

Does your firm qualify for MBE or WBE status (section 1.09): MBE _____ WBE _____

ADDENDUM ACKNOWLEDGEMENT - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Addendum No. _____ Date Issued _____

P-CARDS: Will your firm accept the City's Credit Card as payment for goods/services?

YES _____ NO _____

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. **HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS.** If this section does not apply to your bid, simply mark N/A in the section below.

Variations: _____



City of Fort Lauderdale • Procurement Services Department
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

ADDENDUM NO. 1

RFP 525-10821
Delinquent Parking Citation Collection Services

ISSUED September 1, 2011

This addendum is being issued to make the following changes:

1. Proposers are required to provide an SSAE 16, SOC 2, Type I report with their proposal.
2. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually.

All other terms, conditions, and specifications remain unchanged.

AnnDebra Diaz, CPPB
Procurement Services Department

Company
Name: _____
(please print)

Bidder's
Signature: _____

Date: _____



City of Fort Lauderdale • Procurement Services Department
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

ADDENDUM NO. 2

RFP 525-10821
Delinquent Parking Citation Collection Services

ISSUED September 16, 2011

This addendum is being issued to make the following changes:

1. This addendum supersedes Addendum No. 1 dated September 1, 2011.
2. Proposers are required to provide a current SAS70 report with their proposal. Proposals submitted without this report will be deemed non-responsive.
3. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually.
4. Part V – Proposal Evaluation Criteria has been revised as follows:

The award of the contract will be based on certain objective and subjective considerations listed below:

Lowest Percent Collection Fee for total amount collected.
(The lowest cost to the City, or its customers,
shall receive maximum points)

| | |
|-----------------------|----|
| Percentage commission | 30 |
|-----------------------|----|

TOTAL OF 30 POINTS

Proposer demonstrated experience, qualifications,
and past performance, rate of account collections.
This includes: ability to meet the RFP requirements,
facilities, customer, financial and business references.
(Including Better Business Bureau, Chamber of
Commerce & State's Attorneys' Office).

| | |
|---------------------------------------|----|
| Past performance and qualifications.. | 10 |
| Financial ability | 10 |
| Financial and Client References | 10 |

TOTAL OF 30 POINTS



City of Fort Lauderdale • Procurement Services Department
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

Proposed methods utilized for delinquent account collections,
and resources available for collection of City accounts,
reporting of account activity.

| | |
|--|----|
| Scope of collection activities proposed | 15 |
| Demonstration of adequate organizational and technology resources | 10 |
| Adequacy of account activity reporting | 15 |

TOTAL OF 40 POINTS

MAXIMUM TOTAL POINTS 100

- The proposal due date has been changed. The new due date is Friday, September 30, 2011 (prior to 2:00 PM EST)

All other terms, conditions, and specifications remain unchanged.

AnnDebra Diaz, CPPB
Procurement Services Department

Company
Name: _____
(please print)

Bidder's
Signature: _____

Date: _____

Question and Answers for Bid #525-10821 - Delinquent Parking Citation Collection Services

OVERALL BID QUESTIONS

Question 1

Why is the contract out to bid at this time?
 When is the anticipated contract start date?
 To how many vendors are you seeking to award a contract?
 Who are the incumbents, and how long have the incumbents been providing the requested services?
 Has the current contract gone full term?
 Have all options to extend the current contract been exercised?
 What collection attempts are performed or will be performed internally prior to placement?
 What is the total dollar value of accounts available for placement now by category, including any backlog?
 What is the total number of accounts available for placement now by category, including any backlog?
 What is the average balance of accounts by category?
 What current contingency fees or other fees are currently being billed by any incumbent(s), by category?
 What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?
 What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?
 What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category?
 What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?
 What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement?
 If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up?
 To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?
(Submitted: Aug 23, 2011 8:03:38 AM EDT)

Answer

- Why is the contract out to bid at this time? Current Contract is due to expire.
 When is the anticipated contract start date? See RFP, Part III, Section 06 Contract Period
 To how many vendors are you seeking to award a contract? Intent is one
 Who are the incumbents, and how long have the incumbents been providing the requested services? Law Enforcement Systems, since 2004
 Has the current contract gone full term? Yes
 Have all options to extend the current contract been exercised? Yes
 What collection attempts are performed or will be performed internally prior to placement? See Part IV-Scope of Services, General Information. The City does not perform any collection activities other than the two notices referenced in this section.
 What is the total dollar value of accounts available for placement now by category, including any backlog? There is no backlog. See RFP, Part IV-Scope of Services, (A) New Delinquent Account Referrals.
 What is the total number of accounts available for placement now by category, including any backlog? We do not have separate categories of citations. All referrals under this contract will be for delinquent parking citations. See RFP, Part IV-Scope of Services, (A) New Delinquent Account Referrals.
 What is the average balance of accounts by category? Average balance is roughly \$50-\$60 per account based on the fact that the base fine of our most frequently issued citation, for overtime parking.
 What current contingency fees or other fees are currently being billed by any incumbent(s), by category? The current collection fee being charged for delinquent citations is 22% of the amount collected.
 What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category? See RFP, Part IV, Section A
 What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)? The amounts vary widely and are dependent upon the service providers ability to collect. Most recent 3 months fees were approx. \$7200, \$9000, \$11,000.
 What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category? Number is dependent of # of citations issued. In June, about 1500 citations were referred for collection.
 What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category? The number of accounts referred will vary. In June, we referred about \$95,000 in account value, net of the add-on collection fees.
 What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement? We do not put a quota or limit on our expectations. We expect the vendor to use all legally allowable means to collect on citations referred and to pursue collections throughout the 180 days allowed under the contract.
 If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up? Refer to Part IV, Section A - New Account Referrals.
 To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?
(Submitted: Aug 23, 2011 8:03:38 AM EDT)

Refer to the RFP, Part IV-Proposal Evaluation Criteria **(Answered: Aug 23, 2011 4:14:08 PM EDT)**

Question 2

If we submitted proof of PCI certification and compliance in lieu of SAS70, would we still lose the 10 points?

Who are the current primary and secondary agencies?

Please provide the current agencies fee rates?

How much was paid to the current agencies in commission in the last fiscal year?

How many cases do you anticipate placing per month?

How many cases were placed to the prior agencies last fiscal year?

What is the average balance?

What are the recovery rates for the two incumbents?

Will the backlog with the two current agencies be transferred to the winning bidder on the new contract? **(Submitted: Aug 23, 2011 11:59:28 AM EDT)**

Answer

- If we submitted proof of PCI certification and compliance in lieu of SAS70, would we still lose the 10 points? Yes (Note: PCI and SAS70 have different areas of focus.

Who are the current primary and secondary agencies? Primary - Law Enforcement Systems, Secondary - National Recovery Agency

Please provide the current agencies fee rates? 22%

How much was paid to the current agencies in commission in the last fiscal year? See question 1 above

How many cases do you anticipate placing per month? See question 1 above

How many cases were placed to the prior agencies last fiscal year? See question 1 above

What is the average balance? See question 1 above

What are the recovery rates for the two incumbents? LES-over time, rate is in the mid-to-upper 40% range of all accounts referred. However, is should be noted that their average is skewed negatively because we initially referred about \$5million in very old accounts dating back to 2002 and they continue to pursue and collect on those. We do not currently differentiate between collection rates for "new" or "old" citations. These old citations will not be referred to the winning contractor under this contract. NRA, not yet active.

Will the backlog with the two current agencies be transferred to the winning bidder on the new contract? answered previously **(Answered: Aug 23, 2011 4:59:01 PM EDT)**

Question 3

Please clarify under 02. Technical Specifications

5) Contractor should have wholly owned offices in principal cities

Is the selected vendor required to have an office in Ft. Lauderdale? **(Submitted: Aug 24, 2011 9:35:07 AM EDT)**

Answer

- No **(Answered: Aug 24, 2011 10:11:21 AM EDT)**

Question 4

Would the City consider letting the awarded vendor keep accounts longer than 180 days? Does the current vendor close and return accounts after this time period?

Do exhibits such as the SAS70, sample letters, etc go towards the 50 page limit? What about the cover letter, table of contents?

Please expand on what is meant by "marketing" in Part VIII Tab 4. **(Submitted: Sep 1, 2011 11:17:16 AM EDT)**

Answer

- Would the City consider letting the awarded vendor keep accounts longer than 180 days? Does the current vendor close and return accounts after this time period? Response: Not at this time. We have a contract with a secondary collection agency that specifies they will get the accounts after the primary has had them 180 days. We have not yet implemented the secondary process so the current vendor has kept the accounts past the 180 days but is aware that will change soon.

Do exhibits such as the SAS70, sample letters, etc go towards the 50 page limit? What about the cover letter, table of contents? Response: The SAS70 does go toward the 50 page limit, all other documents do.

Please expand on what is meant by "marketing" in Part VIII Tab 4 Response: This is standard language in the city's RFPs. "Marketing" is shown as an example of the type of timetable to be included, if applicable to the requested services. In this case, the timetable, if any, could be the proposer's timetable for contract execution, technical development, testing, and implementation. **(Answered: Sep 1, 2011 12:01:32 PM EDT)**

Question 5

In response to question No. 4, the second question about page limits - did the City mean to say the SAS70 does "not" go toward the 50 page limit? Thanks. **(Submitted: Sep 2, 2011 9:10:32 AM EDT)**

Answer

- Sorry, the response was meant to state the SAS70 does NOT go toward the 50 page limit. **(Answered: Sep 2, 2011 9:14:13 AM EDT)**

Question 6

In regards to addendum No. 1's new requirement:

We're currently undergoing SOC 1 but not SOC 2. SOC 2 has nothing to do with financial or operational compliance; is it possible you meant SOC 1?

SOC 1 Type II replaces the SAS 70 Type II.

Thank you **(Submitted: Sep 2, 2011 10:07:54 AM EDT)**

Answer

- Item #1 in the addendum is a new requirement in addition to the SAS 70 report requirement stated in the RFP and must be submitted with the proposal. **(Answered: Sep 2, 2011 11:58:21 AM EDT)**

Question 7

In response to question 6 - please confirm that you want SOC 2 and not SOC 1. **(Submitted: Sep 6, 2011 3:48:57 PM EDT)**

Answer

- Yes, as stated in the Addendum, an SSAE 16, SOC 2, Type I report is required with your proposal. The awarded contractor will be required to provide an SSAE 16, SOC2 Type II report annually. **(Answered: Sep 6, 2011 3:56:11 PM EDT)**

Question 8

Effective for reports ending on or after June 15, 2011, the SAS 70 standard has been replaced with one of the AICPA's Service Organization Control (SOC) reporting options: SOC 1. SOC 1 engagements are performed in accordance with Statement on Standards for Attestation Engagements (SSAE) 16, Reporting on Controls at a Service Organization. SOC 1, or SSAE 16, reports cover controls in place at a service organization that are relevant to an auditor of a user's (City of Ft. Lauderdale) financial statements.

SOC 2 engagements are performed in accordance with AT Section 101, Attest Engagements, and address controls at a service organization that relate to operations and compliance.

Please clarify if the request in Item #1 in the addendum is for a SOC 1 (which is issued under SSAE 16) OR a SOC 2 engagement? **(Submitted: Sep 6, 2011 4:36:24 PM EDT)**

Answer

- Please refer to Addendum No. 2 for clarification of reporting requirements. **(Answered: Sep 16, 2011 8:43:32 AM EDT)**

Question 9

Thank you for allowing us to request feedback and additional information for the following items.

1. In part 1.A of the Scope of work the RFP states: Only delinquent citations issued after the contract start date under this RFP will be referred to the Contractor. Yet other places in the RFP it discusses how the contractor should handle citations issued before 9/10/2008. Please clarify.

2. Who is the current vendor?

a. What are their fees?

b. Are any fees being passed through to the Municipality/University etc?

c. How long have they been providing the services?

2. What is the total value of the 100,000 citations issued each year?

3. How many citations were sent to collections with your current vendor the previous year?

4. What was the total value of the citations sent to collections with your current vendor the previous year?

5. How many citations are written to out of state plates each year or month?

6. How many citations are manually issued each month?

7. How many citations are data entered each month?

8. Do you currently get owner information for all out-of-state plates?

9. Do you currently have a real-time connection with the DMV?

10. What is your overall collection rate for parking citations? **(Submitted: Sep 7, 2011 10:44:14 AM EDT)**

Answer

- 1. From time to time, the City discovers accounts that had not previously been sent for collections for various reasons (was on appeal and removed for whatever reason, registered owner information changed or received beyond the normal time, rental agencies provide rentee information, etc). In those cases, we MAY refer those accounts for collection and they could have been issued prior to 9/11/08. This provision is a safety-net for the City.

2. Refer to Question 1 above for previous response

2a. Refer to Question 1 above for previous response

2b. This RFP is from a municipality. The City will not pay any fees other than for the rare instance when a pre-9/11/08 citation is referred and collected. The only 'fee' is the collection fee and that is passed on to the customer.

2c. Refer to Question 1 above for previous response

2d. Refer to Question 1 above for previous response

3. Refer to Question 1 above for previous response

4. Refer to Question 1 above for previous response

5. Year 2009-7006; Year 2010 - 6600; Year 2011 to date-4340

6. Since Jan 1, 2009, 4121 manually issued citations

7. Manually entered and Data entered is same to us.

8. We do not get DMV from : Hawaii, New Hampshire, Alaska

9. Yes, we use 'DAVE' for individual plate searches but do not have a mass real-time connection. We are testing the FL-DMV exchange of information on Florida plates.

10. Roughly 73% over time. **(Answered: Sep 12, 2011 9:05:13 AM EDT)**

Question 10

Part III, Section 19, can the City please expand on the term "electronic fraud"?

Addendum No. 1, Item #1, if our firm is unable to provide an SOC 2 report at this time, will we be immediately disqualified or will we simply lose points for the SAS70 scoring area? **(Submitted: Sep 7, 2011 12:49:11 PM EDT)**

Answer

- Please refer to Addendum No. 2 for clarification of reporting requirements. **(Answered: Sep 16, 2011 8:43:32 AM EDT)**

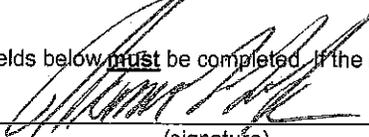
RFP/Proposal Signature page

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: Proposals must be submitted by hard copy only. It will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Department, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Please Note: All fields below must be completed. If the field does not apply to you, please note N/A in that field.

Submitted by:  (signature) _____ (date)

Name (printed) Thomas F. Foley Title: Chief Operating Officer

Company: (Legal Registration) Penn Credit Corporation

CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit <http://www.dos.state.fl.us/>).

Address: 916 S. 14th Street

City Harrisburg State: PA Zip 17104

Telephone No. 717-238-7124 FAX No. 717-238-0901 Email: procurement.department@penncredit.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): 15 days

Payment Terms (section 1.04): Net 30 days Total Bid Discount (section 1.05): Not Applicable

Does your firm qualify for MBE or WBE status (section 1.09): MBE WBE

ADDENDUM ACKNOWLEDGEMENT - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Addendum No. 1
2

Date Issued 9/01/2011
9/16/2011

P-CARDS: Will your firm accept the City's Credit Card as payment for goods/services?

YES NO

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. **HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS.** If this section does not apply to your bid, simply mark N/A in the section below.

Variations: Not Applicable

revised 6-16-11

Non-Collusion Statement

NON-COLLUSION STATEMENT:

By signing this offer, the vendor/contractor certifies that this offer is made independently and *free* from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

NAME

RELATIONSHIPS

Not Applicable

| <u>NAME</u> | <u>RELATIONSHIPS</u> |
|----------------|----------------------|
| Not Applicable | |
| | |
| | |
| | |
| | |

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.

PennCredit

Letter of Interest

September 29, 2011

City of Fort Lauderdale
Procurement Services Department
City Hall, Room 619
100 N Andrews Avenue
Fort Lauderdale, FL 33301

Ladies and Gentlemen:

Thank you for allowing Penn Credit to demonstrate our experience and understanding of the City's debt recovery needs. Penn Credit has been performing debt collection services for more than two decades from our headquarters in Harrisburg, PA. Penn Credit also has a customer service office in West Palm Beach, FL.

Our successful relationships have been built over the years by remaining focused on the needs of our clients. Through our successful client associations, we have developed strong management and training programs geared toward achievement and efficient, timely collections. Our innovative technology and safeguarding procedures benefit governmental clients; and our customer service orientation and experience make Penn Credit the best choice for secure and ethical debt recovery services for the City.

Penn Credit agrees that the following proposal will be valid for 120 days from September 30, 2011, and longer, if mutually agreed. Penn Credit declares that the only person(s), company or parties interested in the this proposal as principals are named herein. This proposal is made without collusion with any other person, company or parties submitting a proposal. The submission of this proposal is, in all respects, fair and in good faith, and without collusion or fraud. Thomas F. Foley, COO of Penn Credit, has full authority to bind Penn Credit contractually.

We thank you for this opportunity and look forward to your decision.

Sincerely,



Rhett Q. Donagher
Manager of Sales and Marketing

Statement of Proposed Services

Overview of Penn Credit's Technical Solution

Penn Credit's collection workflow is defined by the evolving accounts receivable needs of our clients and refined by Penn Credit's years of dedicated expertise in the field of debt recovery. This synchronization of committed client service and industry know-how has resulted in an unparalleled collection program.

From account placement and verification, through the processes of skip tracing and debtor contact, to payment and remittance, Penn Credit's procedures have been tested, stream-lined, and enhanced for the greatest results.

Upon award of contract, Penn Credit will begin project implementation, working with the City to configure a regular exchange of accounts and reports based upon the City's existing databases. This process ensures that the resources expended by the City are minimized going forward. After implementation, Penn Credit is able to begin account activation and verification immediately upon placement of accounts for collection.

Initial Account Placements

Accounts are loaded into our collection system the same day they are received. Upon receipt of accounts, Penn Credit's collection system will generate an acknowledgment report to be sent to the City and begin to scrub all accounts for the following information:

- Standardization of name and address for postal regulation requirements
- Name & address are processed through National Change of Address (NCOA) and:
 - addresses are verified as correct, or
 - addresses are verified as incorrect, or
 - addresses are verified as incorrect and correct addresses are found
- Phone Append
- Bankruptcy and deceased scrub

If the account has a good address, the first letter is automatically generated and mailed to the debtor. This letter serves to inform the debtor of placement with Penn Credit and notification of the debtor's rights as outlined by federal and state laws. If the address provided with the account is incorrect or out-of-date, the account will enter Penn Credit's skip tracing process.

If the account has a good phone number, collectors will begin attempting to contact debtors multiple times per week during the hours deemed appropriate by federal and state laws. If the phone number provided with the account is incorrect or out-of-date, the account will enter Penn Credit's skip tracing process.

Assignment of Accounts

In order to promote the greatest degree of efficiency among collectors, Penn Credit's collection system utilizes account routing parameters based on account classification and balance range. Management actively monitors the call lists for our automated dialing collectors and the work queues for our

assigned account loop collectors on a regular basis, ensuring that the volume of accounts is not larger than appropriate. Collectors and supervisors work as a team, assisting one another with incoming calls and resolving disputes when required. This flexible and cooperative environment ensures that production levels are being met and customer service levels are being exceeded.

Collection Tools and Resources

Penn Credit has four calling strategies at our disposal: a proprietary automated calling/payment system, a predictive dialing platform, a "Confirmed Party Contact" system, and our loop collection protocol.

D.A.V.I.S. (Digitized Automated Voice Intelligence System)

This system utilizes Interactive Voice Response (IVR) technology and makes calls from 9:00 a.m. to 9:00 p.m. in the time zone where the debtor resides. Upon contact debtors are provided with their account information and available payment options. While using the D.A.V.I.S. system, any debtor has the ability to speak to a live collector at any time by following the instructions built into the system; further, D.A.V.I.S. is capable of providing debtor interaction in both Spanish and English to aid bi-lingual collection needs.

Predictive Dialing Platform

This predictive dialing platform predicts the availability of the collector's next call—and adjusts dialing volumes accordingly—so that the answering party is immediately transferred to an available collector. This method ensures the party is unaware that he/she has been on an automated call and is more willing to begin discussions with the collector. This system allows one (1) collector to contact up to 35 debtors an hour, effectively and efficiently increasing Penn Credit's "collector to debtor" ratio.

Confirmed Party Contact

Our Confirmed Party Contact system builds upon the aforementioned technologies (primarily, the D.A.V.I.S. system) by prompting a qualification question which allows us to verify that the individual who answers the call is the debtor. The call is then immediately transferred to an available collector, allowing our collection team to communicate directly with the "Confirmed Party."

Loop Collection Protocol

This collection practice assigns ownership of accounts to individual collectors, making these collectors responsible for the collection of the account. The collector to whom the account is assigned performs the majority of collection activity on the account; and if additional skip tracing beyond our waterfall process is required, the collector has access to several online resources to acquire new contact data. This loop method creates a relationship between the collector and debtor, promoting a more cooperative series of exchanges and increasing the likelihood of repayment. To further the efficacy of the loop collection protocol, a direct toll free number is included on all letters sent to the debtor.

Loop collectors notate in the collection system what has been accomplished after working an account, they also have the ability to tag a specific priority based on the outcome. This process drives Penn Credit's organization of the work schedule, for example:

Payment Arrangement Established: the account is tagged as a payment plan priority and is grouped with other payment plan accounts for monitoring through payment in full by the collector. Should a payment plan be broken, the collector will be alerted by the collection system and immediate follow up will occur.

Follow Up Appointment: the account is tagged as a priority for the collector to follow up at a specific date and time. The collector will be alerted to any follow-up appointment by a system generated notification.

Difficult to Reach: the account is tagged as a difficult to reach priority if the collector has determined that they are calling the best possible phone number available, however they have not obtained debtor contact. These accounts will receive calls at varied times by the loop collector and automated dialing collectors will also be used.

Skip Tracing: the account is tagged as a skip tracing priority when additional contact information is needed to reach the debtor. To maximize debtor contact, the collector will perform the majority of skip tracing during non-peak hours.

While the loop method is highly successful, other calling strategies are used concurrently to work these accounts, complementing the loop collection system.

Results

Together, our automated dialing systems can generate 800 calls per minute and over 600,000 attempts per day utilizing 388 phone lines. All "busy signal" calls can be redialed every fifteen minutes, and "no answer" calls can be redialed every two hours up to the time allowed by the Federal and State regulations. Repeat calls can be made every three (3) days after contact with no account conclusion. Management also staggers call times throughout the day and rotates dialing platforms to optimize high debtor contact.

Contacting Debtors by Telephone

Penn Credit's contact with debtors via telephone is essential to Penn Credit's successful recovery process. Our calling platforms combine the speed and efficiency of automated calling with compliance for state and federal law. While incoming calls are instantly transferred to available collectors, the calling system also guarantees that all outbound calls are within guidelines established by federal and state law, ensuring that no phone calls are made before or after approved hours.

Penn Credit's telephone systems also have numerous quality assurance mechanisms: 1) management has the ability to monitor collection calls by listening to, participating in, and even taking over of the call when necessary; 2) a call/screen shot recording system records every phone call and collector computer screen for archival and quality control purposes; and 3) **multi-lingual capabilities**, the D.A.V.I.S. system allows the user to interact in English and Spanish; further, collectors can easily transfer a call to a collector who speaks the appropriate language.

While the main purpose of debtor contact is to collect a debt, Penn Credit also takes each debtor contact as an opportunity to maintain the relationship the debtor has with the City. Penn Credit's

collectors are trained not only to obtain payment-in-full in every possible scenario, but also to prevent disputes, escalations, and complaints. It is in the best interest of all parties that each attempt at recovery is polite, patient, and proactive—imbuing a potentially unpleasant situation with a more productive agenda and empathetic tone.

Collection Letters

All cases with valid mailing addresses, regardless of balance or age, receive collection letters according to client guidelines. While collection letters are not the only focus of our collection process, letters are designed in a specified sequence, at specified times, and according to specific circumstances, generating the most meaningful communication with the debtor. A collection contact followed by a meaningful, well-timed letter offers a better collection impact than a stand-alone collection notice.

Our letter series includes the initial validation notice and progressively more demanding follow-up letters. The initial demand letter has three main purposes:

- To advise the debtor that the account has been assigned to Penn Credit
- To provide notice of the debtor's rights established by the FDCPA and applicable state laws
- To prompt payment

Accounts with active payment plans will receive monthly letters and those with a post-dated check plan receive a reminder notice a set number of days before the process date.

We are always willing to customize letters for clients as permitted within legal guidelines. Penn Credit will obtain the City's approval of all collection letters prior to their use and we will obtain approval before making any changes to collection letters sent out to debtors. **A sample series of collection letters is included in Tab 14 of our proposal.**

Skip Tracing

Successful skip tracing is an essential part of Penn Credit's collection strategy; therefore, we subscribe to a wide range of skip tracing products and national databases. After the initial placement, accounts are "scrubbed" for address verification (NCOA), phone append, deceased and bankruptcy verification. Once the account information is confirmed, the collection process begins; however, if at any time the contact information is determined to be incomplete or incorrect, the account will be placed in our automated "Waterfall" skip tracing process.

Each step in this "Waterfall" process utilizes a new skip tracing tool, which we obtain from several different vendors. The steps and information provided are progressively more intensive and detailed than the previous. The account will proceed from step to step until the appropriate information is obtained and successful contact is made with the debtor.

Penn Credit's waterfall skip tracing process may be utilized at any point during the collection process, ensuring that Penn Credit maintains contact with debtors until the amount owed the client has been recovered. Further, our assigned account loop collectors are provided access to several internet based skip tracing resources at their work stations, enabling them to perform individual skip tracing.

Penn Credit utilizes:

- National Change of Address Service (NCOA)®
- Lexis Nexis® Accurint
- Directory Assistance
- Credit Bureau Records
- Motor Vehicle Records
- Military Personnel Locator
- Criminal Records
- License Records
- Voter Records
- Tax Assessments
- Secretary of State
- Asset Verification

Acceptable Methods of Payment

Penn Credit places great emphasis on the importance of recovering the City's portfolio. In addition to traditional methods of payment such as cash, bank check, certified check, and money order, we accept the following electronic methods of debtor payment:

- *Credit Cards*
- *Check By Phone*
- *Western Union, Quick Collect & MoneyGram*
- *Bank Wire*
- *Internet**

* Debtors may access our on-line payment system 24 hours a day/seven days a week, and may make check or credit card payments on their accounts at www.penncredit.com. Penn Credit's web payment portal system allows a debtor to pay an account in full, accept a settlement offer (with client approval), or setup a payment arrangement. All debtor activity is tracked for added security. Further, the website is Blackberry and iPhone compatible.

Payment Standards

Payment in full is requested by Penn Credit collectors on each and every contact on all accounts. Should the debtor not be able to make a full payment, our collection representative will begin qualifying the debtor through several financial questions to determine sources and levels of income, payday frequency and other debts/obligations. The collector will use this information to determine a fair and reasonable payment plan (in the absence of contractual obligations) for the debtor and that will ensure the City recovers the debt.

Penn Credit demands that all staff members show respect for the debtor and adhere to the following philosophy:

“We will educate debtors and provide them with a method and opportunity to repay their debt.
We will always take into consideration hardship cases in order to protect
the dignity and rights of the debtor.”

- Richard S. Templin, President

Our collectors generally follow a standard guide when setting up payment agreements. This guide is adjustable to meet client needs and wishes, when necessary.

| Debt Amount | Schedule | Debt Amount | Schedule |
|---------------|-----------------|-----------------|------------|
| Under \$35 | Payment in full | \$ 501 - \$ 900 | 5 payments |
| \$36 - \$75 | 2 payments | \$ 901 - \$1350 | 6 payments |
| \$76 - \$150 | 3 payments | \$1351 - Up | 8 payments |
| \$151 - \$500 | 4 payments | | |

Collectors make sure that debtors understand that they must stick to the agreed-upon payment plan or the entire amount is due. Penn Credit's internally developed collection system automatically identifies accounts for which a payment has not been submitted within 24 hours after the payment due date. The system notifies the appropriate collector who then immediately follows up by contacting the debtor.

All plans and postdated check or direct-check agreements generate automated letters a set number of days before each due date so debtors do not forget.

Timeline

Initial Contract Set-Up (Days 1-3)

- Contract documentation is completed and returned
- Penn Credit implementation team has an initial meeting in person with the City's parking staff
- Information obtained during this meeting is used to create client numbers in Penn Credit's collection system

Data Transfer Implementation (Days 4-7)

- Penn Credit's IT staff has an initial meeting with the City; obtains record layouts for applicable data files
- Penn Credit's IT staff creates custom software to convert accounts according to the City's record layouts

Data Testing (Days 8-14)

- Penn Credit will test data transfer and conversion processes

Placement of Accounts (Day 15)

- The first new referral file is transferred to Penn Credit
- Accounts are loaded into Penn Credit's collection system
- The account is then electronically transferred into an automated process and 'scrubbed'

Initial Collection Attempts

- Validation notices are automatically sent for accounts with good addresses
- All accounts (regardless of balance) receive call attempts by our automated dialing platforms:
 - Predictive Dialing
 - Confirmed Party Contact
 - D.A.V.I.S (IVR)

- These platforms will make 1-28 attempts per week, depending on call outcome
- Larger balance accounts are also assigned to and receive calls by a dedicated loop collector
- If a message is left, follow-up will occur in 3-4 days depending on state law
- Upon contact with the debtor, if payment in full or a satisfactory payment plan is not possible, follow-up calls will be made every 3-4 days
- If contact is unsuccessful, attempts will be made to reach the debtor at varying times throughout the day
- Accounts with invalid phone numbers/addresses will be placed in our automated "Waterfall" skip tracing process utilizing multiple nationwide databases
- Loop collectors perform additional skip tracing on their accounts through web-based resources to locate current debtor contact information

Continued Attempts

- Repeated attempts and additional resources are utilized to obtain payment in full or setup a client approved payment schedule
 - Additional letters may be sent
 - Collectors may begin calling the debtor's place of employment if unable to make contact at the debtor's residence
 - Expanded skip tracing efforts; periodically, accounts with invalid phone numbers will be placed in our automated "Waterfall" skip tracing process utilizing multiple nationwide databases
 - Automated dialing platforms and loop collectors continue calls every 3-4 days
- Reminder letters are sent monthly for accounts with established mail-in payment arrangements and for post-dated check/credit card notifications

Ongoing Efforts

- Accounts will remain active on Penn Credit's system and will receive phone attempts and additional letters as new contact information becomes available through our skip tracing processes
- Settlement offers may be made if payment in full is not possible (only in accordance with the City's policies and approval)
- Regular exchange of placement and update files occur between Penn Credit and the City according to the City's requirements
- All funds collected by Penn Credit are remitted on a schedule determined by the City
- Regular in-person meetings occur between Penn Credit and the City to ensure open lines of communication and project success
- Accounts are returned to the City to be forwarded for secondary placements on day 180.

Qualifications of Assigned Staff

| Assigned Staff Member | Job Title | Function |
|--------------------------------------|-------------------------------------|--|
| Donald C. Donagher, Jr. | CEO | Contract Coordinator |
| Bruce Hower | VP of Sales and Customer Service | Strategic Implementation and On-going Customer Service Management |
| Tom Perrotta | VP of Collections | Project Manager |
| Donald Burkhardt | VP of Information Technology | Systems & Networking |
| Phil Mennell *West Palm Beach, FL | Sales/Client Service Representative | Available for on-site meetings, will oversee set-up and implementation process |

Donald C. Donagher, Jr., Chief Executive Officer

Mr. Donagher is a tremendously successful self-made entrepreneur who has been an active leader in all facets of the collection industry for over 30 years. He is a member of ACA International's "Committee of 100", whose membership is comprised of the leaders of the top 50 collection agencies in the United States.

Mr. Donagher has been the recipient of the Beacon Award from ACA International, and received the prestigious Dr. Martin Luther King Community Leader Award from the City of Harrisburg (Pennsylvania). In addition to proudly serving his country and receiving an honorable discharge from the U.S. Army, Mr. Donagher has received recognition countless times for his many entrepreneurial accomplishments and service as a Board member by Pennsylvania's Capital Regional Chamber of Commerce.

In his role as Chief Executive Officer, Mr. Donagher is responsible for establishing the strategic vision for Penn Credit and ensuring the company retains its strong leadership position in the collections industry.

Bruce Hower, Vice-President of Sales and Customer Service

Mr. Hower has spent the last 13 years in the collection industry after an accomplished career as a client service executive with Mercedes Benz for more than 14 years. He has the unique distinction of having received the "Top Service Honors" award, selected from all Mercedes Benz service facilities in North America.

Bruce attained an Associates Degree from Vale Technical Institute, and later received intensive customer service training and specialized owner communication training from Mercedes Benz. He also has received a myriad of collection industry training through ACA International.

In his role as Vice President of Sales and Customer Service, Bruce is responsible for the leadership, management and direction of all aspects of Penn Credit's sales, client service, and procurement operations. It is here where he excels due to his consummate professionalism, operational knowledge, and unending dedication to the needs of our clients. His special talents in this area have proven most instrumental in Penn Credit's ability to maintain our long-standing business relationships with so many of our clients.

Thomas Perrotta, Vice-President of Collections

Mr. Perrotta has more than 25 years of debt collection industry experience. In 1995, he joined Penn Credit as our Collections Manager and later was promoted to his current position as Vice-President of Collections. He is a graduate of St. Joseph's University located in Philadelphia, Pennsylvania where he received his B.S. degree in Business Management. Tom is an ACA International Certified collector.

In his role as Vice-President of Collections, Tom is responsible for a wide range of activities which include maintaining production and revenue goals; client relations, hiring, on-going collector training, ensuring all established recovery goals are achieved; overseeing and developing the various collection techniques employed by Penn Credit's recovery operations; providing guidance and making recommendations to executive management on policy, processes, and/or procedures required to improve collection productivity; maintaining an ongoing quality control program to ensure compliance with all laws, regulations, statutes and contractual requirements on behalf of Penn Credit's clients; serving as a the company's key liaison with outside auditors; and developing viable solutions to address client concerns.

Tom has been certified through ACA International's Trainer Specialist Program (TSP), enabling him to train Penn Credit's collection management and representatives in professional collection techniques as specified by ACA International. Receiving this certification is part of Penn Credit's goal to have each member of the collection staff receive the ACA's Professional Collection Specialist (PCS) designation.

Donald E. Burkhardt, Vice-President of Information Technology

Mr. Burkhardt has been associated with the collections industry for over 20 years. Immediately after obtaining his college degree in computer information services from Central Penn College he secured a position with a computer software development company located in Mechanicsburg, Pennsylvania. There he was responsible for designing collection software for over 50 agencies. Two years later he began his career with Penn Credit as a Computer Programmer where his primary focus was on the development of customized collections software. The dimensions of his position and corresponding responsibilities increasingly grew as technology advanced and the demands of the collections industry grew.

In 1996, Mr. Burkhardt obtained his Microsoft Systems Engineer Certification which allowed him to develop and more effectively manage Penn Credit's corporate network. With this new enhanced knowledge and understanding of networking, he was also able to expand Penn Credit's corporate boundaries by opening new branch offices and connecting the company's remote users to the internal network infrastructure.

Don currently holds the position of Vice President of Information Technology. In this capacity his responsibilities include managing the IT Department; advanced programming; network administration; web design; operational analysis; special projects; technical assistance to sales and client services; and advisor to executive management on systems and technology integration and advancement.

Philip Mennell, Florida Representative

Philip Mennell, our full time customer service representative based in West Palm Beach, will act as liaison between the City and Penn Credit's customer service department to ensure the City is receiving responses in a timely manner. Mr. Mennell will be available to assist the City in all matters and will make regular visits to the City during implementation and throughout the contract period.

Competence

Penn Credit strives to stay current with industry trends to make improvements, keep abreast of laws, and implement the latest technology. We are a member of:

- **ACA International (American Collectors Association)**
 - Donald C. Donagher Jr, Chairman/CEO of Penn Credit is a member of ACA's Committee of 100
 - Government Services Program (GSP)
- **International Parking Institute (IPI)**

Active Participant

- **Florida Parking Association (FPA)**
- Florida City and County Management Association (FCCMA)
- Florida Association of Court Clerks & Comptrollers (FACC)
- Florida Government Finance Officers Association (FGFOA)
- Georgia Municipal Association (GMA)

Our Staff's Vast Experience

Penn Credit served as a collection vendor for the City of Fort Lauderdale from 1998 to 2010 and provided parking citation collections from 1999-2004. Penn Credit would utilize our experience and understanding of the City's processes to quickly implement a collection program for the City's parking citations.

Miami-Dade County, FL - Clerk of Courts

Since November 2004, the Miami Dade County Clerk of Courts has placed over \$22 million in outstanding parking tickets for collection with Penn Credit. During that time, Penn Credit has recovered over \$9 million. Further, as the result of an RFP process, Penn Credit began the collection of traffic citations in March of 2011.

The Clerk's office utilizes Penn Credit's multi-lingual capabilities. Our collection system can create Spanish-language collection letters; and Spanish-speaking collectors are utilized to collect the accounts. From the Clerk's office, we receive daily parking and traffic citation placements. Per the Clerk's requirements, we remit a daily payment file in conjunction with a daily ACH, as well as monthly statements and invoices.

Palm Beach County, FL - Clerk of Courts

Penn Credit collects delinquent traffic citations, including criminal infractions; felony and misdemeanor accounts for the Palm Beach County Clerk of Courts. On placements we received from 2000 to 2005 we have recovered over \$14 million with a 60.7% recovery rate. Placements consisting of traffic citations, felonies, and misdemeanor accounts began in August 2008. Though accounts have substantially higher balances, we have obtained recovery rates as high as 54% and have recovered over \$5.5 million.

RedFlex Traffic Systems

Penn Credit collects red light camera and speed camera citations for Redflex Traffic Systems. We currently receive placements from over 45 municipal entities in eight states. Placing entities include Las Cruces (NM), Virginia Beach (VA), Aurora (IL), Newport News (VA), and Sioux City (IA). Penn Credit

receives new accounts daily via an electronic data file.

New York City Department of Finance

Penn Credit worked with the City of New York from November 2003 through October of 2007. During that time, the City placed over 1.5M in parking violation accounts with us, exceeding \$188.7M in value. Though the accounts ranged from consistent monthly primary placements to less frequent placements, our stream-lined skip tracing methods and our multi-layered debt recovery efforts resulted in an exceptional rate of recovery for the City of New York.

Commitment

Penn Credit clients are **not** 'signed and forgotten'; our project manager as well as the key personnel assigned to the City of Fort Lauderdale along with our full-time Customer Service Representative are actively involved in servicing our clients in Florida. These key personnel have been instrumental in servicing the contracts of our Florida government clients including:

City of Boca Raton
City of Boynton Beach
City of Dania Beach
City of Daytona Beach
City of Delray Beach
City of Greenacres
City of Hialeah Gardens
City of Hollywood
City of Kissimmee
City of Lake Wales
City of Lake Worth
City of Miami
City of Oakland Park
City of Ormond Beach
City of Oviedo
City of Pembroke Pines
City of Pompano Beach
City of St. Cloud
City of Tampa

Bay County Clerk of Courts
Collier County Government
Collier County Clerk of Courts
Flagler County Government
Highlands County Clerk of Courts
Hillsborough County Clerk of Court
Manatee County Clerk of Courts
Miami-Dade Clerk of Courts
Miami-Dade County Government
Orange County Clerk of Court
Orange County Fire & Rescue
Orange County Utilities
Orlando Utilities Commission
Osceola County Government
Osceola County Clerk of Courts
Palm Beach County Government
Palm Beach County Clerk of Courts
St. Lucie County Clerk of Courts

State of Florida Department of State

I certify from the records of this office that PENN CREDIT CORPORATION, doing business in Florida as PENN/CENTRAL CORPORATION, is a corporation organized under the laws of Pennsylvania, authorized to transact business in the State of Florida, qualified on May 27, 1999.

The document number of this corporation is F99000002722.

I further certify that said corporation has paid all fees due this office through December 31, 2011, that its most recent annual report was filed on January 5, 2011, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the Great Seal of Florida, at Tallahassee, the Capital, this the Sixth day of January, 2011



Jennifer Kennedy
Secretary of State

Authentication ID: 700189758247-010611-F99000002722

To authenticate this certificate visit the following site, enter this ID, and then follow the instructions displayed.

<https://efile.sunbiz.org/certauthver.html>



THE LICENSEE IDENTIFIED BELOW IS AUTHORIZED TO CONDUCT BUSINESS AS INDICATED BY THE LICENSE TYPE.

LICENSE TYPE: Consumer Collection Agency

LICENSE NAME: PENN CREDIT
CORPORATION

DBA NAME:

ORIGINAL DATE OF
LICENSE: 3/14/1995

LICENSE NUMBER: CCA0900232

LICENSE
EXPIRATION DATE: 12/31/2011

LICENSE MAIN ADDRESS:

STREET: 916 S 14 ST

CITY: HARRISBURG

STATE: PA

ZIP CODE: 17104

Evidence of Insurance



CERTIFICATE OF LIABILITY INSURANCE

OP ID: JB

DATE (MM/DD/YYYY)
08/18/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | | |
|---|--|---|------------------------------------|
| PRODUCER E. K. McConkey & Co., Inc. 2555 Kingston Rd., Suite 100 York, PA 17402 | 717-755-9266 717-755-9237 | CONTACT NAME: Amanda Sides, CISR | |
| | | PHONE (A/C, No, Ext): 717-505-3130 | FAX (A/C, No): 717-755-9237 |
| E-MAIL ADDRESS: asides@ekmcconkey.com | | | |
| PRODUCER CUSTOMER ID #: PENNC-2 | | | |
| INSURED Penn Credit Corporation 916 S. 14th Street PO Box 988 Harrisburg, PA 17104 | INSURER(S) AFFORDING COVERAGE | | NAIC # |
| | INSURER A: Cincinnati Insurance Company | | 10677 |
| | INSURER B: Federal Insurance | | 20281 |
| | INSURER C: | | |
| | INSURER D: | | |
| | INSURER E: | | |

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDITIONAL SUBROGATION | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|---|------------------------|---------------|-------------------------|-------------------------|---|
| A | <input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | X | CPP3669867 | 08/19/11 | 08/19/12 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ Excluded GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC | | | | | |
| A | <input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE | | CPP3669867 | 08/19/11 | 08/19/12 | EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 |
| | <input checked="" type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 0 | | | | | |
| A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) (Yes, describe under DESCRIPTION OF OPERATIONS below) | Y/N | WC192278903 | 08/19/11 | 08/19/12 | <input checked="" type="checkbox"/> WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000 |
| | N/A | | | | | |
| B | Crime | | 68035829 | 10/20/10 | 10/20/11 | Emp Dish 4,000,000 3rd Party 4,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Certificate holder is named as Additional Insured with respects to General Liability, if required in a written contract or agreement. Standard 30 days notice of cancellation, except 10 days for non-payment of premium.

| | |
|--|--|
| CERTIFICATE HOLDER SAMPLE SAMPLE ONLY XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE |
|--|--|



CERTIFICATE OF INSURANCE

— THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY —

DATE (MM/DD/YY)
6/22/11

160 Erie Insurance Place, Erie, PA 16530

NAME AND ADDRESS OF AGENCY: **FARNHAM INSURANCE AGENCY**
507 NORTH YORK STREET
MECHANICSBURG, PA 17055-2778
(717)766-8678

AGENT'S NO.
AA7605

COMPANIES/PRODUCERS COVERED:
Co. C: ERIE INSURANCE COMPANY
Co. D: ERIE INSURANCE PROPERTY & CASUALTY COMPANY
Co. E: ERIE INSURANCE EXCHANGE
Erie Indemnity Co., Attorney-In-Fact
Co. F: ERIE INSURANCE COMPANY OF NEW YORK
Co. G: FLAGSHIP CITY INSURANCE COMPANY

NAME AND MAILING ADDRESS OF INSURED:
**PENN CREDIT CORP &
CENTRAL CREDIT CONTROL**
916 S 14TH ST
HARRISBURG, PA 17104

This Certificate is issued for information purposes only. It does not list, amend, extend, or otherwise alter the terms and conditions of insurance coverage contained in the Policy(ies) indicated below issued by ERIE. The terms and conditions of the Policy(ies) govern the insurance coverage as applied to any given situation.
Any party can request a policy and/or Declaration by asking the insured or the Agent. Limits shown may have been reduced by claims paid.

This is to certify that policies, as indicated by the Policy Number below, are in force for the Named Insured at the time that the Certificate is being issued.

| COVERAGE | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS |
|-------------------------------------|---|---------------|----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> | GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR | | | | EACH OCCURRENCE \$ PRE-DAMAGE (Any One Firm) \$ MED EXP (Any One Person) \$ PERSONAL & ADL (INJURY) \$ GENERAL AGGREGATE \$ PRODUCTS-COMM/OP AGG \$ |
| <input checked="" type="checkbox"/> | AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO - OWNED, HIRED, NON-OWNED <input type="checkbox"/> OWNED <input type="checkbox"/> HIRED <input type="checkbox"/> NON-OWNED <input type="checkbox"/> DAMAGE | Q06 1530117 | 6/15/11 | 6/15/12 | BODILY INJURY (EACH PERSON) BODILY INJURY (EACH ACCIDENT) \$ 1,000,000 PROPERTY DAMAGE \$ 1,000,000 BODILY INJURY AND PROPERTY DAMAGE COMBINED \$ |
| <input type="checkbox"/> | EXCESS LIABILITY <input type="checkbox"/> OCCURRENCE <input type="checkbox"/> RETENTION \$ | | | | EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ |
| <input type="checkbox"/> | WORKERS COMPENSATION & EMPLOYERS LIABILITY | | | | STANDARD BODILY INJURY BY: ACCIDENT \$ EACH ACCIDENT DISEASE \$ POLICY LIMIT DISEASE \$ EACH EMPLOYEE |
| <input type="checkbox"/> | OTHER | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CANCELLATION FOR NON-PAYMENT, CAUSE OR NAMED INSURED'S REQUEST: When an automobile policy is cancelled, written notice will be mailed to the Certificate Holder. When any of the above described policies (other than automobile) are cancelled before the expiration date thereof, ERIE will endeavor to mail written notice to the Certificate Holder after the decision to cancel. Failure to mail such notice shall impose no obligation or liability of any kind upon ERIE, its Agents or representatives.

CANCELLATION FOR SPECIAL CONTRACTS: (If the box is checked, this Certificate involves a special contract and the following cancellation provisions apply.) When an automobile policy is cancelled, written notice will be mailed to the Certificate Holder. When any of the above described policies (other than automobile) are cancelled before the expiration date thereof, ERIE will endeavor to mail 30 days written notice to the Certificate Holder after the decision to cancel. Failure to mail such notice shall impose no obligation or liability of any kind upon ERIE, its Agents or representatives.

CERTIFICATE HOLDER

ATTENTION CERTIFICATE HOLDER
If your firm is a Certificate Holder for other policies of this Insured, Certificates of Insurance for these other policies will be forwarded to you as soon as they are processed.
AUTHORITY REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY):
11/23/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

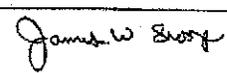
| | | | |
|---|--|---|--|
| PRODUCER AON RISK SERVICES CENTRAL, INC 8300 NORMAN CENTER ST STE 1000 MINNEAPOLIS, MN 55437-3844 | | CONTACT NAME: PHONE (A/C No. Ext): (952) 926-6547 FAX (A/C No.): (952) 928-3837 E-MAIL ADDRESS: riskmanagement@aca-international.org | |
| INSURED PENN CREDIT CORPORATION 916 S. 14TH STREET HARRISBURG, PA 17104 | | INSURER(S) AFFORDING COVERAGE NAIC # INSURER A: Traveler Casualty and Surety Company of 31194 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F: | |

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR CTR | TYPE OF INSURANCE | ADDL INSR | WVR | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|-------------|---|--------------|-----|---------------|----------------------------|----------------------------|---|
| | GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE OCCUR GENL. AGGREGATE LIMIT APPLIED PER POLICY PRO. LOC JECT LOC AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION \$ WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N OFFICER/MEMBER EXCLUDED N/A ANY PROPRIETOR/PARTNER/EXECUTIVE if yes, describe order DESCRIPTION OF OPERATIONS/LOCATIONS (Mandatory in NE) | | | 105516474 | 11/01/2010 | 11/01/2011 | EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Per occurrence) \$ MED EXP (Per person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS, COMPLETING \$ COMBINED SINGLE LIMIT (Per accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ EXCESS \$ EACH OCCURRENCE \$ AGGREGATE \$ POLICY LIMITS OFF. SEC. P1 EACH ACCIDENT \$ P2 DISEASE EA EMPLOYEE \$ P3 DISEASE POLICY LIMIT \$ |
| A | OTHER ERRORS & OMISSIONS | | | | | | PER CLAIM AGGREGATE \$5,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

| | |
|---------------------------|---|
| CERTIFICATE HOLDER | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE  |
|---------------------------|---|



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/16/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | | |
|---|--|---|--------|
| PRODUCER Aon Risk Services Central, Inc. 8300 Norman Center Dr Ste 1000 Minneapolis MN 55437-3844 | | CONTACT NAME: PHONE (A/C No. Ext): (952) 926-6547 FAX (A/C No): (952) 928-3837 E-MAIL Address: riskmanagement@acainternational.org PRODUCER CUSTOMER ID#: | |
| INSURED PENN CREDIT CORPORATION 916 S. 14TH STREET HARRISBURG PA 17104 | | INSURER(S) AFFORDING COVERAGE INSURER A: Chartis Specialty Insurance 524210 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F: | NAIC # |

COVERAGES **CERTIFICATE NUMBER: 0089634** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADD/INSURER INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | |
|----------|---|--|---------------|-------------------------|-------------------------|---|-------------|
| | GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | | | | | EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/OP AGG \$ | |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | | COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$ | |
| | UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE RETENTION \$ | | | | | EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ | |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | <input type="checkbox"/> Y <input checked="" type="checkbox"/> N/A | | | | <input type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$ | |
| A | NETWORK RISK | | 01-422-10-20 | 12/21/2010 | 12/21/2011 | PER CLAIM/AGGREGATE | \$2,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

| | |
|---------------------------|--|
| CERTIFICATE HOLDER | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE James Shoop/KRIS |
|---------------------------|--|

Proposer's Assessment

Penn Credit is pleased to have the opportunity to demonstrate our experience and understanding of the City's debt recovery needs. We provide collection services to many clients desiring the recovery of outstanding parking citations. Additionally, we provide collections for local, county, and state governments nationwide. Penn Credit has contracted with over 40 government entities in the State of Florida to provide collection services. Penn Credit's vast and intricate understanding of the challenges and opportunities surrounding the collection of municipal debts will be a benefit to the City.

Our successful relationships have been built over the years by remaining focused on the needs of our clients with innovative technology and safeguarding procedures; and our customer service orientation and experience make Penn Credit the best choice for secure and ethical debt recovery services for the City. It is with these standards in mind that Penn Credit submits the following proposal.

Relevant Experience in Parking Collections

-Penn Credit has experience providing collections of parking tickets for the following government entities:

| | |
|--------------------------------|-----------------------------|
| Miami-Dade Clerk of Courts, FL | City of Waukegan, IL |
| City of Orlando, FL | City of Naperville, IL |
| City of Fort Lauderdale, FL | City of Moline, IL |
| City of Hollywood, FL | City of Billings, MT |
| City of Boca Raton, FL | Village of Carol Stream, IL |
| City of Delray Beach, FL | City of Laurel, MD |
| City of Pittsburgh, PA | City of New York, NY |

Outline for Collections

Initial Contract Set-Up (Days 1-3)

- Contract documentation is completed and returned
- Penn Credit implementation team has an initial in-person meeting with City staff
- Information obtained during this meeting is used to create client numbers in Penn Credit's collection system

Data Transfer Implementation (Days 4-7)

- Penn Credit's IT staff has an initial meeting with the City; obtains record layouts for applicable data files
- Penn Credit's IT staff creates custom software to convert accounts according to the City's record layouts

Data Testing (Days 8-14)

- Penn Credit will test data transfer and conversion processes

Placement of Accounts (Day 15)

- The first new referral file is transferred to Penn Credit
- Accounts are loaded into Penn Credit's collection system
- The account is then electronically transferred into an automated process and 'scrubbed'

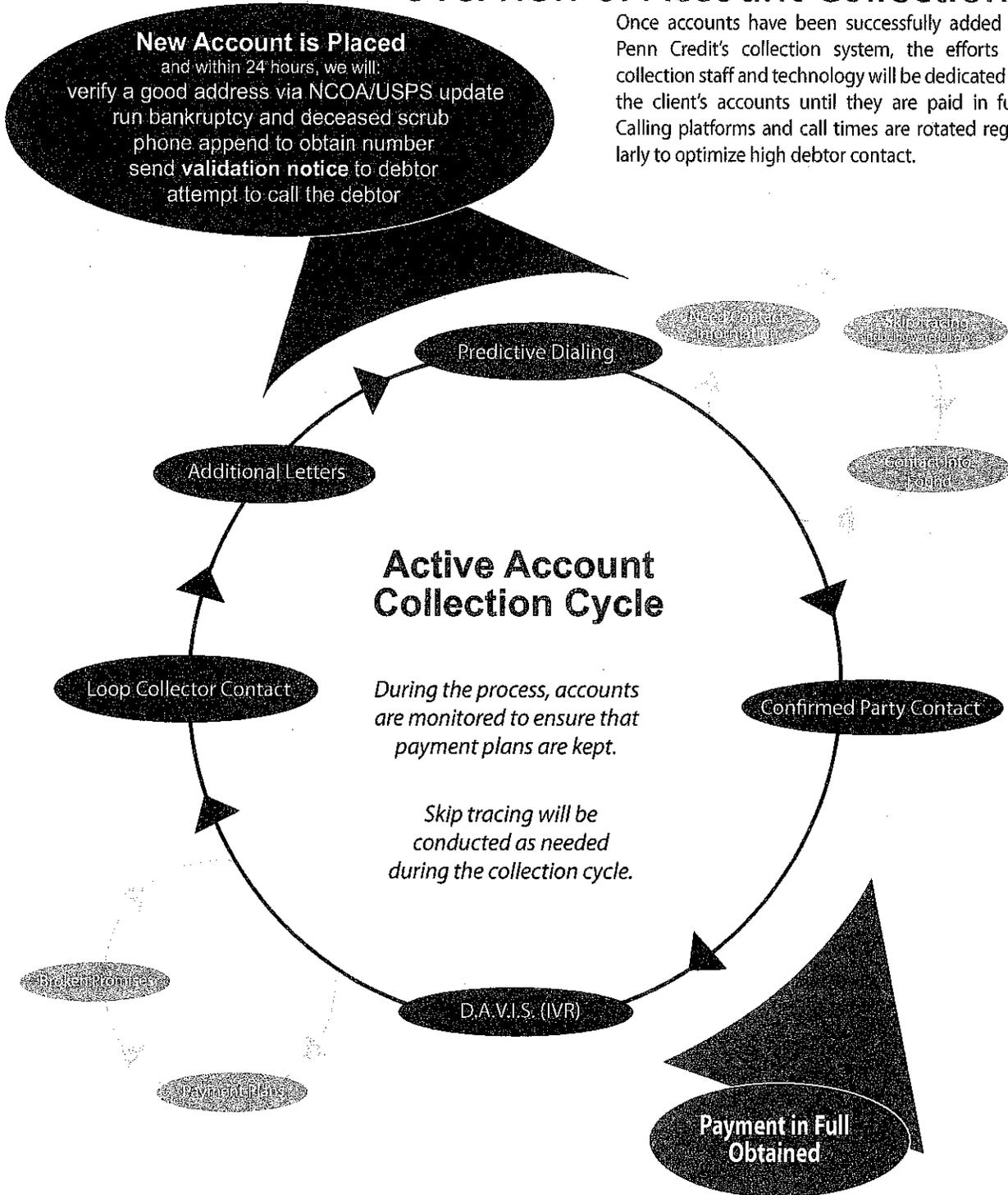
Initial Collection Attempts (Days 16-17)

Continued Attempts (Days 18-120)

Ongoing Efforts (Days 121-180)

Overview of Account Collections

Once accounts have been successfully added to Penn Credit's collection system, the efforts of collection staff and technology will be dedicated to the client's accounts until they are paid in full. Calling platforms and call times are rotated regularly to optimize high debtor contact.



Penn Credit

Ability to Assign Appropriate Resources

Penn Credit proposes the following project team:

| Assigned Staff Member | Job Title | Function |
|--------------------------------------|---|--|
| Donald C. Donagher, Jr. | CEO | Contract Coordinator |
| Bruce Hower | VP of Sales and Customer Service | Strategic Implementation and On- going Customer Service Management |
| Tom Perrotta | VP of Collections | Project Manager |
| Donald Burkhardt | VP of Information Technology | Systems & Networking |
| Phil Mennell *West Palm Beach, FL | Sales/Client Service Representative | Available for on-site meetings, will oversee set-up and implementation process |

These individuals will be prepared to expedite all matters of implementation and execution of contractual requirements. Along with this project team, adequate collection staff (trained and experienced in the collection of parking citation accounts), and customer service support personnel will be assigned to the City's accounts.

Additional Services

Not Applicable

PennCredit

Clients/References

Penn Credit has provided parking citation collection services to the following government clients:

Agency name: Miami-Dade Clerk of the Court
Address: 22 NW First Street 4th Floor
Miami, FL 33128
Telephone number: 305-349-7333
Contact person: Harvey Ruvin, Clerk of the Court
Date service was provided: 11/2004 to present

Agency name: City of Tampa
Address: 107 N. Franklin Street
Tampa, FL 33602
Telephone number: 813-274-8564
Contact person: Camille Lomenzo, Administrative Assistant II
Date service was provided: 05/2011 to present

Agency name: Downtown Athens Parking System
Address: 133 E. Washington Street
Athens, GA 30603
Telephone number: 706-613-7978
Contact person: Laura Miller, Director of Parking
Date service was provided: 01/2010 to present

Agency name: City of Hollywood
Address: 2600 Hollywood Blvd
Hollywood, FL 33021
Telephone number: 954-921-3535
Contact person: Tamikia Bacon, Parking Customer Service Manager
Date service was provided: 06/2007 to present

Agency name: City of Orlando
Address: 53 W. Central Blvd
Orlando, FL 32801
Telephone number: 407-246-3766
Contact person: Pamela Corbin, Parking Administrator
Date service was provided: 10/2002 to 03/2010

Agency name: City of Boca Raton
Address: 201 W. Palmetto Park Road
Boca Raton, FL 33432
Telephone number: 561-393-7833
Contact person: Carol Himes, Treasurer/Director
Date service was provided: 11/1995 to present

PART VII - PROPOSAL PAGES – COST PROPOSAL

Lowest Cost: Contractor must quote firm, fixed, commission rate for all services identified in this request for proposal. This firm fixed rate includes any costs for travel to the City. No other costs will be accepted. This firm fixed commission rate will be the same for the initial contract period.

TOTAL FIRM FIXED COMMISSION FEE (INITIAL CONTRACT PERIOD)

15 % of the base fine plus penalties collected (before commission add-on)

**PENN CREDIT
CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

SF& COMPANY CPAs AND BUSINESS ADVISORS

PENN CREDIT CORPORATION

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| STATEMENTS OF CASH FLOWS | 5 |
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SRC-COMPANY CPAS AND BUSINESS ADVISORS



1027 Mumma Road, Womrleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

96 S. George Street, Suite 350, York, PA 17401
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73 E. Forrest Avenue, Shrewsbury, PA 17361
T 717.227.0004 F 717.227.0052

10 Wynton Brooke Drive, York, PA 17403
T 717.741.0004 F 717.741.0361

INDEPENDENT AUDITORS' REPORT

info@sfc-cpa.com
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To the Board of Directors
Penn Credit Corporation
916 South 14th Street
Harrisburg, Pennsylvania 17104

We have audited the accompanying Balance Sheets of **Penn Credit Corporation** (an "S" corporation) as of December 31, 2010 and 2009, and the related Statements of Income, Changes in Stockholders' Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, with the exception of the matter described in the following paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 9 to the financial statements, accounting principles generally accepted in the United States of America require the primary beneficiary of variable interest entities to consolidate the variable interest entities in its financial statements. Management has informed us that the Corporation's financial statements do not include the accounts of Penn Credit Corporation II, Donald C. Donagher, Jr., Inc. T/A Central Credit Control, and 916 Partnership that the Corporation has determined are variable interest entities and in which the Corporation holds variable interests and is the primary beneficiary. The effects of these departures from accounting principles generally accepted in the United States of America on the financial position, results of operations, and cash flows have not been determined.

Harrisburg, Pennsylvania
June 16, 2011

PENN CREDIT CORPORATION

BALANCE SHEETS

| | December 31, | |
|---|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 391,040 | \$ 407,896 |
| Accounts Receivable - Trade | 1,690,187 | 1,319,584 |
| Accounts Receivable - Other | 19,049 | 6,940 |
| TOTAL CURRENT ASSETS | <u>2,100,276</u> | <u>1,734,420</u> |
| PROPERTY AND EQUIPMENT - At Cost, | | |
| Less Accumulated Depreciation | 1,045,786 | 749,177 |
| OTHER ASSETS | | |
| Investments | 0 | 215 |
| Cash Surrender Value of Life Insurance Policies | 357,532 | 326,325 |
| Intercompany Receivable - Central Credit Control | 800,157 | 972,076 |
| Deposits | 9,090 | 9,090 |
| TOTAL OTHER ASSETS | <u>1,166,779</u> | <u>1,307,706</u> |
| TOTAL ASSETS | <u>\$ 4,312,841</u> | <u>\$ 3,791,303</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable - Trade | \$ 544,503 | \$ 322,853 |
| Intercompany Payable - Penn Credit Corporation II | 161,239 | 105,352 |
| Collections Payable | 1,620,853 | 1,793,685 |
| Accrued and Withheld Payroll and Payroll Taxes | 39,699 | 19,546 |
| Accrued Corporate Taxes | 5,300 | 5,500 |
| Current Portion of Long-Term Debt | 259,072 | 212,755 |
| TOTAL CURRENT LIABILITIES | <u>2,630,666</u> | <u>2,459,691</u> |
| LONG-TERM DEBT | 646,578 | 453,664 |
| STOCKHOLDERS' EQUITY | | |
| Common Stock - \$1 Par Value; 1,000 Shares Authorized; 700 Shares Issued and Outstanding | 700 | 700 |
| Additional Paid-in Capital | 498,929 | 498,929 |
| Retained Earnings | 535,968 | 378,319 |
| TOTAL STOCKHOLDERS' EQUITY | <u>1,035,597</u> | <u>877,948</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 4,312,841</u> | <u>\$ 3,791,303</u> |

See independent auditors' report and accompanying notes.

PENN CREDIT CORPORATION

STATEMENTS OF INCOME

| | Year Ended December 31, 2010 | | Year Ended December 31, 2009 | |
|-----------------------------------|---------------------------------|----------------|---------------------------------|----------------|
| | Amount | % of Income | Amount | % of Income |
| COMMISSION INCOME | \$ 12,983,866 | 100.0 | \$ 12,313,866 | 100.0 |
| COLLECTION EXPENSE | | | | |
| Central Credit Control | 8,012,972 | 61.7 | 7,701,928 | 62.5 |
| GROSS PROFIT | 4,970,894 | 38.3 | 4,611,938 | 37.5 |
| OPERATING EXPENSES | 4,663,558 | 35.9 | 4,341,142 | 35.3 |
| INCOME FROM OPERATIONS | 307,336 | 2.4 | 270,796 | 2.2 |
| INTEREST EXPENSE | 38,921 | 0.3 | 34,913 | 0.3 |
| INCOME BEFORE OTHER INCOME | 268,415 | 2.1 | 235,883 | 1.9 |
| OTHER INCOME | | | | |
| Gain on Sale of Asscets | 71,453 | 0.6 | 0 | 0.0 |
| Interest and Dividend Income | 2,357 | 0.0 | 1,582 | 0.0 |
| TOTAL OTHER INCOME | 73,810 | 0.6 | 1,582 | 0.0 |
| NET INCOME | \$ 342,225 | 2.7 | \$ 237,465 | 1.9 |

See independent auditors' report and accompanying notes.

PENN CREDIT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2010 AND 2009

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Total |
|-------------------------------|-----------------|----------------------------------|----------------------|--------------|
| Balance - January 1, 2009 | \$ 700 | \$ 498,929 | \$ 315,566 | \$ 815,195 |
| Distributions to Stockholders | | | (174,712) | (174,712) |
| Net Income | | | 237,465 | 237,465 |
| Balance - December 31, 2009 | 700 | 498,929 | 378,319 | 877,948 |
| Distributions to Stockholders | | | (184,576) | (184,576) |
| Net Income | | | 342,225 | 342,225 |
| Balance - December 31, 2010 | \$ 700 | \$ 498,929 | \$ 535,968 | \$ 1,035,597 |

See independent auditors' report and accompanying notes.

PENN CREDIT CORPORATION

STATEMENTS OF CASH FLOWS

| | Years Ended December 31, | |
|---|-----------------------------|-------------------|
| | 2010 | 2009 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 342,225 | \$ 237,465 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | | |
| Gain on the Sale of Assets | (71,453) | 0 |
| Depreciation | 246,885 | 230,543 |
| (Increase) Decrease in | | |
| Accounts Receivable | (382,712) | (103,757) |
| Prepaid Expenses | 0 | 53,927 |
| Intercompany Receivable - Central Credit Control | 171,919 | (242,533) |
| Increase (Decrease) in | | |
| Accounts Payable - Trade | 221,650 | 189,139 |
| Collections Payable | (172,832) | 139,619 |
| Sales and Use Tax Payable | 0 | (3,576) |
| Accrued and Withheld Payroll and Payroll Taxes | 20,153 | (29,442) |
| Accrued Corporate Taxes | (200) | (3,543) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>375,635</u> | <u>467,842</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Property and Equipment | (809,141) | (323,210) |
| Changes in Cash Surrender Value of Life Insurance Policies | (31,207) | (50,660) |
| Proceeds from the Sale of Property and Equipment | 337,315 | 0 |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(503,033)</u> | <u>(373,870)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions to Stockholders | (184,576) | (174,712) |
| Intercompany Payable - Penn Credit Corporation II | 55,887 | 29,674 |
| Borrowings of Long-Term Debt | 593,012 | 351,259 |
| Repayments of Long-Term Debt | (353,781) | (269,427) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | <u>110,542</u> | <u>(63,206)</u> |
| NET INCREASE (DECREASE) IN CASH | (16,856) | 30,766 |
| CASH - BEGINNING | <u>407,896</u> | <u>377,130</u> |
| CASH - ENDING | <u>\$ 391,040</u> | <u>\$ 407,896</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Interest Paid | <u>\$ 38,921</u> | <u>\$ 34,913</u> |

See independent auditors' report and accompanying notes.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Penn Credit Corporation (the Corporation) was incorporated on June 9, 1987, under the laws of the Commonwealth of Pennsylvania. The Corporation provides billing and collection management services for its customers in various states.

Accounting Method and Revenue Recognition

The financial statements reflect the accrual method of accounting. The Corporation recognizes income upon collection of customer billings.

Accounts Receivable - Trade

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected are included in Net Cash Provided by Operating Activities on the Statements of Cash Flows. The Corporation maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses, current receivables aging, and existing industry data. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method of accounting for book purposes over the estimated useful lives of the assets.

Income Taxes

The Corporation has elected taxation as a subchapter "S" corporation for federal and various state income tax purposes. Accordingly, tax liabilities are the responsibility of the Corporation's stockholders. Therefore, no income tax provision is reflected in the financial statements. The Corporation's policy is to make periodic distributions to the stockholders in amounts sufficient to reimburse the stockholders for estimated tax liabilities from the stockholders' proportionate share of taxable income of the Corporation.

In accordance with Accounting Standards Codification (ASC) No. 740, "Income Taxes" as it relates to uncertain tax positions, the Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50.0 percent likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Corporation records interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2010 and 2009 were \$189,247 and \$79,056, respectively.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards

Accounting Standards Update No. 2009-17, "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities"

During July 2009, Accounting Standards Update No. 2009-17 (ASU No. 2009-17), "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities" was issued containing new rules pertaining to the consolidation guidance applicable to variable interest entities (VIEs). The new guidance requires the Corporation to determine whether its variable interests in third-party entities give the Corporation a controlling financial interest in the entities. The amended guidance replaces the previous quantitative approach for identifying when enterprises should consolidate a VIE with a qualitative analysis, based on which enterprise has both (1) the power to direct the economic activities of a VIE and (2) the obligation to absorb losses or receive benefits from the entities, which could be significant to the VIE. ASU No. 2009-17 also mandates that the Corporation continually reassess whether it is the primary beneficiary of a VIE, in contrast to the prior standard that required the primary beneficiary only be reassessed when specific events occurred. ASU No. 2009-17 now also expressly applies to qualifying special purpose entities (QSPEs), which were previously exempt, and requires additional disclosures about the Corporation's involvement with the VIE. The Corporation adopted ASU No. 2009-17 on January 1, 2010. However, this adoption did not have a material impact on the results of the Corporation's operations or financial position.

2. CONCENTRATION OF CREDIT RISKS

The Corporation's cash balance(s) in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Corporation has not experienced any losses and believes it is not exposed to any significant credit risk.

The Corporation has an intercompany receivable from Central Credit Control at December 31, 2010 of \$800,157. Mr. Donald C. Donagher, Jr., who owns 51.0 percent of Penn Credit Corporation, is the sole stockholder of Central Credit Control.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | Useful Lives | 2010 | 2009 |
|--------------------------------|--------------|--------------|-------------|
| Equipment | 5 - 7 Years | \$ 965,609 | \$ 951,368 |
| Furniture | 7 Years | 372,114 | 311,768 |
| Vehicles | 5 Years | 1,237,877 | 1,021,048 |
| Building Improvements | 7 - 39 Years | 113,967 | 113,967 |
| Total Property and Equipment | | 2,689,567 | 2,398,151 |
| Less: Accumulated Depreciation | | (1,643,781) | (1,648,974) |
| Net Book Value | | \$ 1,045,786 | \$ 749,177 |

Depreciation for the years ended December 31, 2010 and 2009 was \$246,885 and \$230,543, respectively.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

4. CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES

The Corporation owns four life insurance policies for which it is the beneficiary and the owners are the named insured. The total face value of the policies is \$1,350,000 and the cash surrender value of the life insurance policies is \$357,532 at December 31, 2010.

5. COLLECTIONS PAYABLE

The balances of collections payable at December 31, 2010 and 2009 of \$1,620,853 and \$1,793,685, respectively, represent remittances received by the Corporation on behalf of clients not yet paid.

6. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

| | Interest Rate | 2010 | 2009 |
|--|---------------|------------|------------|
| a. Note Payable - PNC | 5.85% | \$ 33,891 | \$ 82,331 |
| b. Note Payable - Lexus Financial Services | 3.76% | 0 | 2,238 |
| c. Note Payable - Honda | 5.25% | 0 | 1,506 |
| d. Note Payable - Lexus Financial Services | 4.99% | 0 | 9,368 |
| e. Note Payable - Mid Penn Bank | 6.35% | 0 | 9,074 |
| f. Note Payable - PNC | 7.43% | 0 | 2,302 |
| g. Note Payable - Bank of America | 4.90% | 0 | 64,726 |
| h. Note Payable - Bank of America | 4.99% | 0 | 103,903 |
| i. Note Payable - Honda | 5.84% | 15,139 | 20,265 |
| j. Note Payable - Honda | 5.84% | 9,958 | 13,223 |
| k. Note Payable - Honda | 3.90% | 12,381 | 16,083 |
| l. Note Payable - BMW Financial | 2.90% | 47,662 | 61,447 |
| m. Note Payable - PNC | 5.80% | 99,402 | 150,890 |
| n. Note Payable - GMAC | 4.99% | 107,949 | 129,063 |
| o. Note Payable - Lexus Financial Services | 4.99% | 77,731 | 0 |
| p. Note Payable - Bank of America | 3.99% | 31,507 | 0 |
| q. Note Payable - PNC | 5.50% | 96,572 | 0 |
| r. Note Payable - Bank of America | 4.49% | 174,610 | 0 |
| s. Note Payable - Bank of America | 4.49% | 198,848 | 0 |
| Total | | 905,650 | 666,419 |
| Less: Current-Portion | | (259,072) | (212,755) |
| Total Long-Term Debt | | \$ 646,578 | \$ 453,664 |

- The note requires monthly principal and interest payments of \$4,331 and is collateralized by computer equipment. The note matures during May 2011.
- The note required monthly principal and interest payments of \$1,129 and was collateralized by a vehicle. The note matured and was satisfied in full during the year ended December 31, 2010.
- The note required monthly principal and interest payments of \$758 and was collateralized by a vehicle. The note matured and was satisfied in full during the year ended December 31, 2010.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

6. LONG-TERM DEBT (Continued)

- d. The note required monthly principal and interest payments of \$1,361 and was collateralized by a vehicle. The note matured and was satisfied in full during the year ended December 31, 2010.
- e. The note required monthly principal and interest payments of \$1,139 and was collateralized by a vehicle. The note matured and was satisfied in full during the year ended December 31, 2010.
- f. The note required monthly principal and interest payments of \$777 and was collateralized by computer equipment. The note matured and was satisfied in full during the year ended December 31, 2010.
- g. The note required monthly principal and interest payments of \$1,718 and was collateralized by a vehicle. The note was satisfied in full during the year ended December 31, 2010.
- h. The note required monthly principal and interest payments of \$2,762 and was collateralized by a vehicle. The note was satisfied in full during the year ended December 31, 2010.
- i. The note requires monthly principal and interest payments of \$515 and is collateralized by a vehicle. The note matures during August 2013.
- j. The note requires monthly principal and interest payments of \$328 and is collateralized by a vehicle. The note matures during October 2013.
- k. The note requires monthly principal and interest payments of \$356 and is collateralized by a vehicle. The note matures during February 2013.
- l. The note requires monthly principal and interest payments of \$1,282 and is collateralized by a vehicle. The note matures during March 2014.
- m. The note requires monthly principal and interest payments of \$4,570 and is collateralized by equipment. The note matures during December 2012.
- n. The note requires monthly principal and interest payments of \$2,440 and is collateralized by a vehicle. The note matures during January 2015.
- o. The note requires monthly principal and interest payments of \$1,665 and is collateralized by a vehicle. The note matures during April 2015.
- p. The note requires monthly principal and interest payments of \$955 and is collateralized by a vehicle. The note matures during November 2013.
- q. The note requires monthly principal and interest payments of \$2,993 and is collateralized by a vehicle. The note matures during December 2015.
- r. The note requires monthly principal and interest payments of \$3,254 and is collateralized by equipment. The note matures during December 2015.
- s. The note requires monthly principal and interest payments of \$3,707 and is collateralized by a vehicle. The note matures during December 2015.

**PENN CREDIT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

6. LONG-TERM DEBT (Continued)

The following is a summary of debt maturities of long-term debt, over the next five years, at December 31:

| | |
|-------|-------------------|
| 2011 | \$ 259,072 |
| 2012 | 235,394 |
| 2013 | 191,315 |
| 2014 | 129,307 |
| 2015 | <u>90,562</u> |
| Total | <u>\$ 905,650</u> |

7. OPERATING LEASES

The Corporation leases certain office equipment and various vehicles pursuant to operating leases. Lease expense, under the operating leases for the office equipment and various vehicles, were \$186,839 and \$226,852 for the years ended December 31, 2010 and 2009, respectively. Annual payments, over the next five years, are as follows for the years ending December 31:

| | |
|-------|-------------------|
| 2011 | \$ 126,483 |
| 2012 | 126,483 |
| 2013 | 76,084 |
| 2014 | 53,552 |
| 2015 | <u>31,238</u> |
| Total | <u>\$ 413,840</u> |

The Corporation leases its primary offices from a related party (See Note 10), as well as additional office space in State College, Pennsylvania from a third-party lessor, which requires monthly payments of \$3,545. Rent expense, under the operating leases for office space, was \$365,763 and \$285,389 for the years ended December 31, 2010 and 2009, respectively.

8. RETIREMENT PLAN

The Corporation sponsors a defined contribution benefit plan allowing employees to make voluntary contributions towards their retirement. The plan is qualified under Internal Revenue Code Section 401(k). The Corporation matches a portion of the employee's deferral amount. Retirement plan contributions for the years ended December 31, 2010 and 2009 were \$15,797 and \$13,839, respectively.

9. ASC NO. 810 - CONSOLIDATION

ASC No. 810 "Consolidation" provides guidance on how to identify a variable interest entity (VIE) and whether or not a VIE must be included in a corporation's consolidated financial statements. A corporation that holds variable interest in an entity will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. The standard also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The Corporation has decided to exclude the financial statements of Penn Credit Corporation II, Donald C. Donagher, Jr., Inc. T/A Central Credit Control, and 916 Partnership from consolidation with these financial statements. ASC No. 810 requires consolidation of these financial statements in order for the financial statements to be presented in conformity with accounting principles generally accepted in the United States of America. Business activities with related entities, which represent potential VIE's, are described in Note 10.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

10. RELATED PARTY TRANSACTIONS

The Corporation leases its primary office space from 916 Partnership, a related party. The stockholders of Penn Credit Corporation jointly own this entity. Rent expense paid to the partnership for the year ended December 31, 2010 was \$255,084.

The Corporation pays a collection fee for administrative and other services provided by Donald C. Donagher, Jr., Inc. T/A Central Credit Control. Central Credit Control is a corporation owned by Mr. Donald C. Donagher, Jr., who is a 51.0 percent owner of Penn Credit Corporation. Commission fees related to Central Credit Control for the year ended December 31, 2010 was \$8,012,972. The Corporation was owed \$800,157 from Central Credit Control at December 31, 2010.

Penn Credit Corporation II shares common ownership with Penn Credit Corporation. The Corporation owed Penn Credit Corporation II \$161,239 at December 31, 2010.

11. LEGAL MATTERS

The Corporation is involved in several claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Corporation's financial position, results of operations, and cash flows.

12. INCOME TAXES

The Corporation accounts for its uncertain tax positions in accordance with ASC No. 740 and has evaluated its tax positions taken for all open years. Currently, 2007 through 2009 tax years are open and subject to examination by the Internal Revenue Service and various state departments, including Pennsylvania, Arkansas, California, Connecticut, Mississippi, Montana, New York, South Carolina, Tennessee, Texas, and West Virginia. However, the Corporation is not currently under audit nor has the Corporation been contacted by any of these jurisdictions. Based on the evaluation of the Corporation's tax positions, management believes all positions taken would be upheld under examination. Therefore, no asset or liability for the effects of uncertain tax positions has been recorded in the financial statements.

13. SUBSEQUENT EVENTS

The management of the Corporation has evaluated subsequent events through June 16, 2011, which is the date the financial statements were available to be issued.

Penn Credit is currently completing a SSAE 16 SOC 1 Type II Audit with an anticipated completion of October 2011.



Penn Credit Collection System

SAS 70 Type I

Independent Service Auditor's Report on Controls Placed in Operation

As of January 1, 2009

**Quasar Audit Services PC
Certified Public Accountants**

**Penn Credit Corporation
Independent Service Auditor’s Report on Controls Placed in Operation
As of January 1, 2009**

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Quasar Audit Services PC
2320 Aspen Way
Harrisburg, PA 17110
717-386-3600

Independent Service Auditor's Report

Donald C. Donagher, Jr.
Chief Executive Officer
Penn Credit Corporation
916 South 14th Street
Harrisburg, PA 17104

We have examined the accompanying description of controls related to the Penn Credit Collection System hosted by Penn Credit. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Penn Credit's controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations applied the controls contemplated in the design of Penn Credit's controls, and (3) such controls had been placed in operation as of January 1, 2009. The control objectives were specified by the management of Penn Credit. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

We did not perform procedures to determine the operating effectiveness of the controls for any period. Accordingly, we express no opinion on the operating effectiveness of any aspects of Penn Credit's controls, individually or in the aggregate.

In our opinion, the accompanying description of controls related to the Penn Credit Collection System presents fairly, in all material respects, the relevant aspects of Penn Credit's controls that had been placed in operation as of January 1, 2009. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied the controls contemplated in the design of Penn Credit's controls.

The relative effectiveness and significance of specific controls at Penn Credit and their effect on assessments of control risk at user organizations are dependent upon their interaction with controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of the controls at individual user organizations.

The description of controls at Penn Credit is as of January 1, 2009. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at the service organization is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes made to the system or controls, or the failure to make needed changes to the system or controls, or changes required because of the passage of time may alter the validity of such conclusions.

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The information included in Section IV of this report is presented by management of Penn Credit to provide additional information to user organizations and is not part of Penn Credit's description of controls placed in operation. The information in Section IV has not been subjected to the procedures applied in the examination of the description of controls related to the Penn Credit Collection System, and accordingly, we express no opinion on it.

This report is intended solely for use by the management of Penn Credit, its clients, and the independent auditors of its clients.

Quasar Audit Services PC

February 15, 2009

Section II – Description of Controls Provided by Penn Credit Corporation (Penn Credit)

Organization of this Report

This section presents an overview of Penn Credit and the specific control objectives that the controls related to the Penn Credit Collection System hosted at Penn Credit should reasonably be expected to achieve. Each control objective is followed by a description of the controls in place at Penn Credit, which contribute to, or otherwise affect, the achievement of that objective.

Company Overview

Penn Credit provides third party contingency collection services and first party calling and letter campaigns for both public and private companies in the government, medical, utility and retail sectors. Penn Credit's headquarters are located in Harrisburg, PA, employing approximately 150 personnel. The collections staff, marketing division, management personnel, IT department, and in-house letter shop are all centralized in one location to provide greater efficiency in recovery and the highest yield returns for their customers.

Penn Credit's core business activity is to provide third party contingency collection services. Clients transfer their delinquent accounts to Penn Credit, where the data is converted to their Collection System. Collection notices and phone attempts are then made to alert the debtor of their delinquency and they are offered numerous payment options: mail in, check or credit card by phone, or Penn Credit's online payment portal. Monies are compiled into trust accounts and remitted to their clients on a regular basis.

Penn Credit Corporation's fee structure is based on the average balance of accounts, age of accounts and number of accounts to be referred. Penn Credit offers rates on a flat fee basis, contingency fee basis, or a tiered structure depending on the nature of the business.

Central Credit Control was founded in 1955 and was joined by its sister company, Penn Credit Corporation in 1987, to develop one of the top 25 collection agencies in the United States. In the spring of 1994 the facility was moved from 208 North Street in Harrisburg to its current location at 916 S 14th street. This 16,000+ square foot facility is equipped with individual workstations and the latest technology, which allows Penn Credit employees to provide the highest quality service to their clients.

Account Placements

Upon transmission of customer accounts receivable information, all account data is entered into the Penn Credit collection system. The customer collection accounts are immediately "scrubbed" for the following information:

- Standardization of names and addresses for postal regulation requirements.
- National Change of Address information.

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- Automatic up-dates with new contact information.
- Zip code and delivery bar code information.
- Automatic up-dates with good phone numbers.
- Bankruptcy.

A letter is sent to the debtor within 24 hours of acknowledgement, and the account is then assigned to a collector by the Collection System. The account is activated by the Collection System the next business day after assignment, beginning Penn Credit's contact with the respective debtor(s).

Once telephone collection attempts are initiated, weekly contact is attempted. Collectors develop information to arrange payments-in-full, set-up regular scheduled payments, or recommend account for close and return with a determination as to the 'collectability' of the account. Management reviews all accounts on a continual basis, thereby certifying the quality of the collection efforts. All analysis is documented within the collection system and reports are made available as requested.

Assignment of Accounts

The collection system allocates accounts to individual Collectors based on volumes, balance range, specialty of business type, and specific management criteria. Accounts that are assigned to Collectors are prioritized within each queue by balance range. The system then analyzes, routes, and determines the available "in-queue" accounts for each Collector as the project progresses. Management also reviews the routing of accounts to assigned Collectors on a daily basis to ensure that the volume of accounts in the queue is not larger than appropriate.

Account Scheduling

The Collection System schedules the daily workload for each Collector through a batch tracking process. This automated process selects accounts with follow-up dates less than or equal to the next business day, and builds them into a daily work file for all Collectors. Management also establishes pre-determined priorities and work orders for each Collector.

Telecommunications Equipment

Penn Credit's call center system consists of a front switchboard, local incoming lines, various toll free numbers, and multiple 800-lines that are assigned to specific clients. The offices utilize a TI operating system that is designed to assign a particular telephone number to a specific workstation.

This system has also been designed to prohibit telephone calls to time zones before and after those time frames outlined in the Federal Fair Debt Collection Practices Act (F.D.C.P.A.). For quality assurance, management has the ability to monitor collection calls by listening to, participating in, and even taking

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over of the call when necessary.

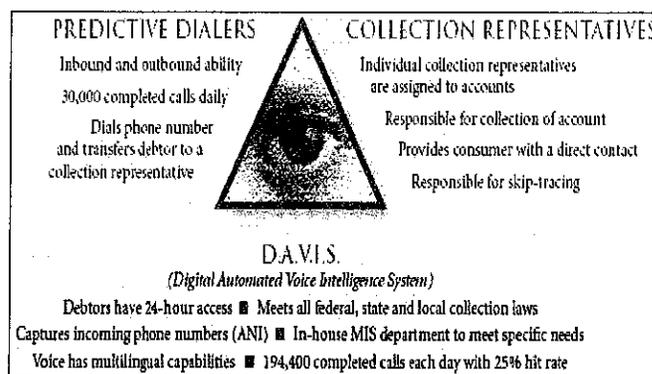
Penn Credit's call centers are equipped with a Voice Control Recording mechanism, which records every phone call for maintaining quality and work ethics.

- All Collection calls are recorded.
- Managers have ability for real time & historical monitoring.
- All calls are archived up to 60 days.
- Capability of sending calls to clients through email (special code needs to be installed on client's PC to listen to call).

Collection Methods

All standard collection efforts (i.e. skip tracing, telephone attempts, and collection letters) are utilized in Penn Credit's attempts to recover delinquent funds. However, the type, age, and amount of claims assigned to Penn Credit dictates the predictive dialing strategies, letters, number of collectors assigned to the portfolio, file sizes, dialing frequency, and specialization of the Collector utilized in the collection process.

Penn Credit utilizes a three-pronged approach to maximizing debt collection efforts: Loop collectors, predictive dialers (SmartDial), and the in-house developed Digitized Automated Voice Intelligence System (DAVIS). Accounts with good phone numbers utilize DAVIS, a custom-designed, online collection system (generating approximately 325,000 attempts a day with 364 phone lines), as well as predictive dialing/ right party contact with immediate live collector follow-up.



DAVIS

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This integrated system calls good phone numbers daily, staggering calls to optimize debtor contact. Calls are made in the time zones where the debtor/consumer resides, as per regulatory guidelines. This system can provide interaction in Spanish and English to aid in bi-lingual collection needs. Further, any debtor that has been contacted has the ability to speak to a live collector at any time by following the instructions built into the system.

- All "busy signal" calls are re-dialed every fifteen minutes.
- All "no answer" calls are re-dialed every two hours up to the time allowed in attempting collection efforts.
- Calls are repeated every three (3) days after right party contact with no account conclusion.

Predictive Dialing

This 96-station system predicts the availability of the collector's next call. The system dials the telephone number and the debtor is immediately transferred to the next available Collector. The debtor is unaware that he/she has been on an automated call. This program allows one Collector to contact up to 35 debtors an hour.

Loop Collectors

Loop Collectors are assigned ownership to accounts. The Collector to whom the account is assigned is responsible for the majority of collection activity on the account, including any required skip tracing. A toll free number is provided so the debtor can reach the Collector directly to discuss their account or make payments. Accounts without good phone numbers are placed in the Collector's skip tracing area of his/her loop.

Skip tracing

Successful skip tracing is crucial to the overall success of any collection approach. Penn Credit continually refines and enhances its skip tracing procedures. Skip tracing procedures are performed when an individual cannot readily be telephoned to discuss their outstanding obligation. Other reasons accounts may be classified as accounts requiring skip tracing activities include:

- Home telephone number not available.
- Possible relocation.
- Unlisted telephone.
- Debtor has changed name

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Penn Credit utilizes a “waterfall” skip tracing approach that was specifically designed to handle large volumes of accounts in the most efficient and effective way. Penn Credit’s skip tracing solution involves a number of systematic stages of skip tracing tasks that are carried out with sophisticated logic in a specific order. This process continues step after step until the debtor is located or all databases that Penn Credit subscribes to have been exhausted. This process is extremely powerful and has many milestones, checkpoints, and review cycles.

Skip tracing National Access and Collection Databases

Penn Credit’s skip tracers use multiple databases, generally unavailable to the public, to locate people including:

- National Change of Address Service (NCOA)®.
- Accurant (used to locate neighbors, associates, and possible relatives).
- Phones Plus (provides access to phone numbers not typically available, i.e. cell phone numbers).
- People at Work (links individuals to businesses).
- Credit Bureau Records and Scoring (used to determine the statistical likelihood of a business or individuals ability to pay).
- Motor Vehicle Records.
- Military Personnel Locator.
- Criminal Records.
- License Records.
- Voter Records.
- Lexis Nexis®.
- Dun & Bradstreet Reports.
- Tax Assessments.
- Secretary of State.
- Asset Verification

Collection Letters

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Collection letters are an integral and effective component of the debt-recovery process. Penn Credit Collectors can request standardized collection notices or the system can automatically generate specific letters in English or Spanish at predefined intervals.

Installment agreements, postdated check agreements, and direct-check agreements generate automated letters within a set number of days before each due date. When letters are requested, Penn Credit's Collection system transmits the request, along with the relevant account information, to the mainframe for processing.

The initial demand letter has three main purposes: to advise the debtor that the account has been assigned to Penn Credit; to give the debtor an opportunity to deny, dispute, discuss or resolve the debt obligation; and to determine whether Penn Credit has been provided with the debtor's current address (if the letter is returned, skip tracing procedures begin immediately).

Debtor Payments

Once contact with the debtor has been made, Penn Credit Collectors ask for immediate payment in full of the outstanding debt. Payment plans will only be considered in situations where Penn Credit has determined that payment in full is not immediately possible. Collectors determine the debtor's willingness and ability to pay the debt and then payment arrangements are negotiated, if appropriate.

Collectors enter into the account records information concerning current employment, income, and payday schedules and they will use information about dependents, other outstanding debts, bank and other references, and asset information to help them arrive at an agreement that is fair and realistic for the debtor.

Collectors make sure that debtors understand that they must stick to the agreed-upon payment schedule or the entire amount is due. Penn Credit's internally developed collection system automatically identifies accounts for which a payment has not been submitted within 24 hours after the payment due date. The system notifies the appropriate collector, who then immediately follows up by contacting the debtor.

All installment agreements and postdated check or direct-check agreements generate automated letters a set number of days before each due date so debtors are reminded of their debt payment obligations.

In addition to traditional methods of payment such as cash, bank check, certified check, and money order, Penn Credit accepts the following electronic methods of debtor payment:

- Credit Cards.
- Western Union Quick Collect.
- Check By Phone.

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- Automated Clearing House (ACH).
- Bank Wire.
- Internet.

Credit Bureau Reporting

Penn Credit maintains a system to report collection accounts to credit bureaus. Credit bureau requests are generated by the collection system and transmitted to the appropriate credit bureau. Qualified accounts are currently reported to three major credit bureaus: TransUnion, Equifax, and Experian.

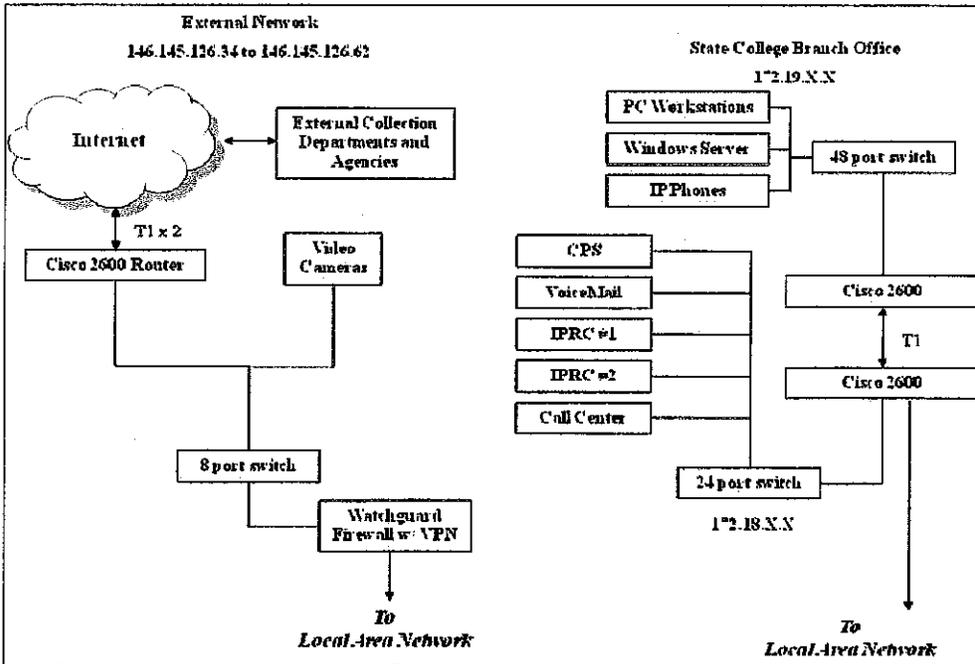
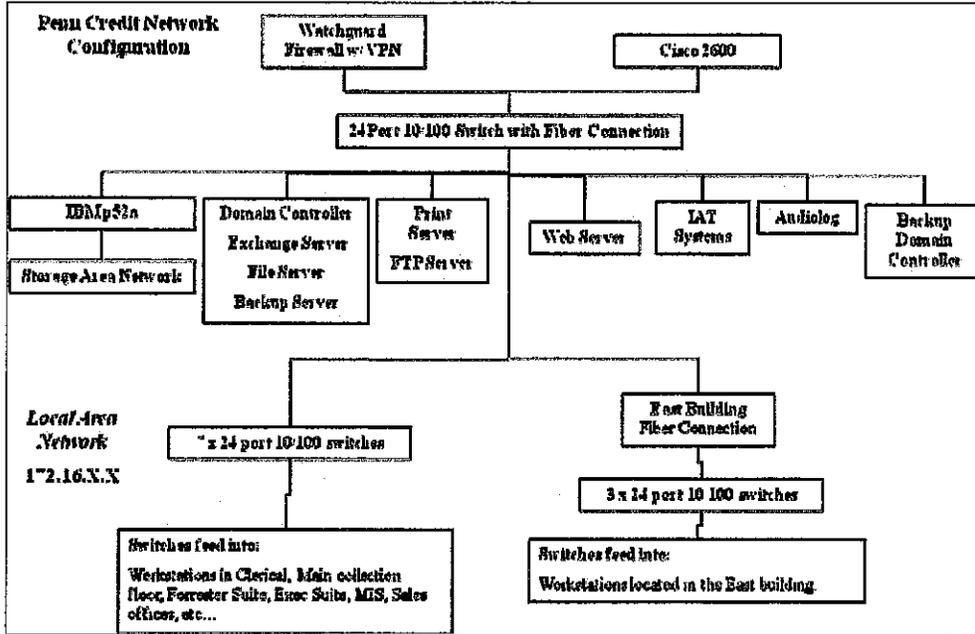
Overview of the Processing Environment

Penn Credit's collection activities are conducted on an in-house developed, completely automated, accounts receivable management system running on an AIX platform. Known as the Penn Credit Collection System, this software was designed and written entirely by Penn Credit's IT Development staff and can be easily modified to meet the specific needs of their clients.

Penn Credit's in-house developed Collection System promotes "total recovery efforts" on all accounts placed for collections. The Collection System is utilized to maximize strategic follow-up on all collection accounts, monitor and review collection activity, support the flow of relevant data through reports, remittances, and interfaces, and schedule account follow-up and tracing procedures. The system interface delivers controlled and secured access to client data, the ability to customize performance reporting and collection letter series, and the ability to recognize and react to specifically coded accounts.

The following diagrams depict Penn Credit's network (the Penn Credit Collection System is located on the "IBM p52a" server):

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Relevant Aspects of Penn Credit's Control Environment

Control Environment

The control environment reflects the overall attitude and awareness of management and personnel concerning the importance of controls and the emphasis given to controls in Penn Credit's policies, procedures, and actions. The organizational structure, separation of job responsibilities by departments and business function, and documentation of policies and procedures, are the methods used to define and implement operational controls.

Management

Management is responsible for directing and controlling operations, and for establishing, communicating, and monitoring control policies and procedures. Importance is placed on maintaining sound internal controls, as well as the integrity and ethical values of all Penn Credit personnel. Organizational values and behavioral standards are communicated to all personnel through policy statements and training classes. In addition, Penn Credit management reviews and approves all process and procedure documentation. Management has a proactive philosophy and a "hands-on" operating style that emphasizes the responsibility and ownership of work projects and areas by individuals.

Management Processes

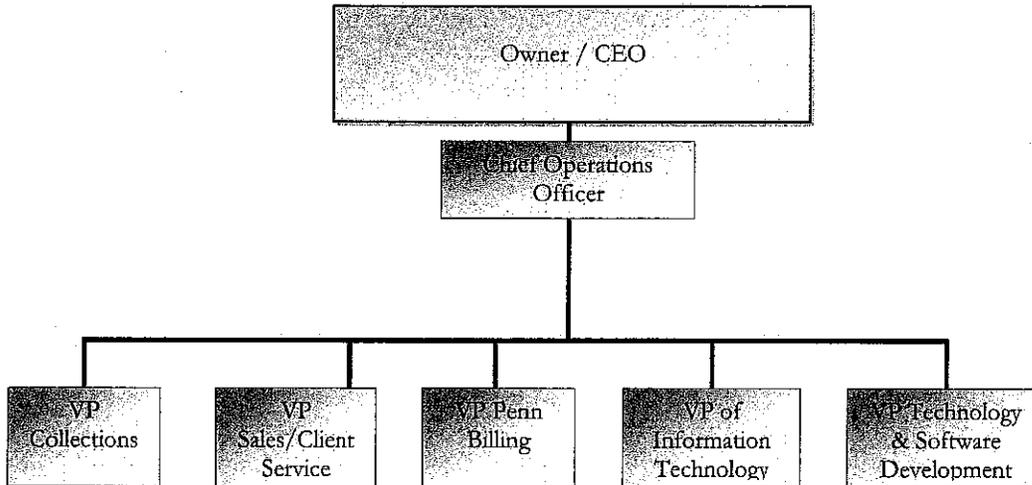
The business is controlled and policies are set through management processes that include periodic meetings and written minutes for executive management. Senior staff hold frequent operating meetings. These meetings alternate with those held by senior staff and executives to discuss current issues and Company direction. Meetings are also held frequently to ensure focus and direction, and to prioritize issues. Other management processes and control functions include individual evaluations, annual budgeting, and periodic forecasting. Committees are organized on an ad hoc basis as necessary.

Financial reporting includes monthly reports, forecasts compared to actual, and reviewed financial statements. Operational reports include performance statistics and meeting minutes.

Organizational Structure

Penn Credit's organizational structure provides the overall framework for planning, directing, and controlling operations. Personnel and business functions are separated into departments according to job responsibilities. The structure provides defined responsibilities and lines of authority for reporting and communication.

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Policies and Procedures

Penn Credit has implemented policies and procedures to address critical financial and operational processes including human resources, information systems, and operations. Policies and procedures which are directly related to the Penn Credit Collection System are stored within a document repository.

Employee Recruitment and Incentives

Policies on hiring include requirements for credit reports and reference checks. Human Resources conducts training, performance reviews, and administration. All new employees receive a formal orientation. All employees and contractors are required to execute non-disclosure agreements that prohibit unauthorized use of proprietary or confidential information. Information systems security policies are described in another section of this report.

Human Resources' policies are provided to employees during orientation and training, and are accessible at any time by all Penn Credit employees. All employees receive an employee handbook, the receipt of which is acknowledged in writing.

Integrity and Ethics

Penn Credit is committed to establishing a culture of openness, trust, and integrity in business practices. Effective ethics is a team effort involving the participation and support of every Penn Credit employee. Penn Credit is committed to protecting employees, partners, vendors, and Penn Credit from illegal or damaging actions by individuals, either knowingly or unknowingly. Penn Credit is committed to

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addressing issues proactively. Penn Credit does not tolerate any wrongdoing or impropriety at any time, will take appropriate measures, and acts quickly in correcting any issue if the ethical code is broken.

Penn Credit has implemented a Code of Conduct designed to emphasize employees' and clients' expectations to be treated to fair business practices. Penn Credit's ethics policy applies to associates, contractors, consultants, temporary employees, and other workers at Penn Credit, including all personnel affiliated with third parties.

Risk Assessment Process

Penn Credit has implemented an informal risk assessment process to identify and manage risks that could affect their ability to provide accounts receivable management and collections processing. This process requires management to identify significant risks in their respective areas of responsibility and to implement appropriate measures to address those risks. Management meets regularly to discuss these matters.

Penn Credit's risk assessment process incorporates the following:

- Identifying sources of potential risk such as competitors, technology, new products, and regulatory changes.
- Monitoring the effects of changes within Penn Credit such as acquisitions, reorganizations, new or renovated information systems, and new personnel.
- Developing and implementing initiatives to mitigate potential sources of risk.
- Disaster Recovery and Business Continuity Planning.

This process has identified risks that could negatively impact Penn Credit's services, and management has implemented various measures to manage those risks.

Monitoring

Monitoring is an integral part of Penn Credit's control framework. Through internal and external components, Penn Credit monitors the quality of control performance over time. The Company monitors changes in the industry and external environment, as well as internal controls.

Penn Credit's management and supervisory personnel monitor the quality of internal control performance as a routine part of their activities. To assist them in this monitoring, Penn Credit has implemented a series of "key indicator" management reports that measure the results of various processes involved in the collection efforts for their clients. All exceptions to normal or scheduled processing related to hardware, software, or procedural problems and logged, reported, and resolved daily. Key indicator reports are reviewed daily and weekly by appropriate levels of management, and action is taken when necessary.

Information and Communication

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Methods of Data Transfer

Penn Credit has the ability to receive account placements and transfer data in a number of different formats, including the following:

- SSH File Transfer Protocol - Data is transferred via the Internet directly to the Penn Credit SFTP site. This method of transfer utilizes built-in data encryption to ensure information security.
- iPGP Encryption (FTP transfer) - Penn Credit maintains a protected FTP site, or can alternatively authenticate to the client's FTP site to perform the transfer.
- iEncryption Plus (Email Attachment) - Clients can attach data files and encrypt the email using software called Encryption Plus. The data files arrive securely at Penn Credit's site, and are logged so the data can be processed for conversion into the Collection System.
- Web Access - The Internet is used to access data files on the client's website.
- Floppy disc or CD - Regular USPS mail or a carrier is used to transfer data.
- Hard Copy for Manual Input – Penn Credit staff manually inputs the accounts.

Remote Audit Abilities

Penn Credit enables their clients to remotely view account activity online. This remote activity program can be accessed through the internet using a standard web browser. Penn Credit assigns a user name and password that allows clients access to their accounts only. Once logged into the Collection System, the client has the ability to search by account number and then view items such as account status, balance, remarks, payments and account transactions. Clients can also download an Excel spreadsheet containing either the entire client inventory or active account inventory.

Internal Communication

Penn Credit has implemented various methods of communication to ensure that all employees understand their individual roles and responsibilities related to client account receivable management and collections processing, and to ensure that significant events are communicated in a timely manner. These methods include orientation and training programs for newly hired employees, periodic newsletters that summarize significant events and changes occurring during the period, and the use of electronic mail messaging to communicate time-sensitive messages and information. Managers also hold periodic staff meetings as appropriate. Every employee has a written job description, and every job description includes the responsibility to communicate significant issues and exceptions to an appropriate higher level of authority within the organization in a timely manner.

Client Service Support

Client service representatives provide ongoing communication with clients and serve as the primary point of contact for daily inquiries concerning customer accounts. They have a solid company-wide understanding of Penn Credit's procedures and processes. This knowledge enables them to quickly and appropriately respond to inquiries.

In addition to their role as the primary contact for daily inquiries, client service representatives work closely with the respective contract manager on each account to ensure requests are promptly communicated and addressed. Client service representatives are responsible for:

- Processing administrative resolutions and collection support requirements.
- Suspending collection activity on an account, as requested by client.
- Returning accounts and supporting documentation.
- Responding to all inquiries in a timely manner.

Reporting

Penn Credit's collection system maintains a statistical database of performance data as well as customized reports that are provided to clients according to their desired frequency and format. With a very flexible range of reporting options, Penn Credit has the ability to comply with specific client reporting requirements, both for internal monitoring and forecasting.

Types of report include:

- Acknowledgement Report - Serves as a receipt verifying all accounts placed have been received by Penn Credit and verifies the information on the account along with account balance totals.
- Account Status Report - Details the account's activity and current status (i.e. paid in full, bankruptcy, deceased, disputed, etc.).
- Payment (Performance) Analysis - Provides information relating to accounts that are broken down by age of account. This report helps clients better evaluate recovery performance and to forecast future recoveries with the development of recovery tracking methods.
- Close and Return (Cancellation) Report - Lists all accounts scheduled for return, along with the client account number, debtor name, balance and reason for return.
- Address Updates - Includes all updated addresses (new, bad, and changed addresses) that have been discovered and/or obtained through skip tracing services such as NCOA.
- Direct Payment Statement - Lists all payments received by the client and reported to Penn Credit.

Penn Credit's Control Objectives and Descriptions of Related Controls

General Computer Controls

The control procedures at Penn Credit related to the administration of the Penn Credit Collection System are described using the following categories:

1. Application Change Management
2. Logical Access and Security
3. Network Systems Security and Maintenance
4. Backup and Recovery
5. Physical Security and Environmental Controls

Management of Penn Credit has determined its control objectives and identified its controls to achieve these objectives.

Control Objective #1

Application Change Management - Controls provide reasonable assurance that implementations of and changes to system software and hardware and specified application software are appropriately authorized, tested, approved, and documented.

Controls specified by Penn Credit:

- Routine application software changes are appropriately tested and approved before being moved to production.
- Emergency application software changes follow the emergency change management process.
- Access to move application software changes to production is restricted to authorized IT personnel only.
- A quarterly review of routine and emergency application software changes is performed to ensure compliance with change control policies and procedures.
- A documented System Development Life Cycle (SDLC) is used for new system implementations.

Description of Controls

Change Control Management

Change Control Management (CCM) is Penn Credit's process of identifying, assessing, communicating, approving, testing, documenting, and implementing system changes. All changes to Penn Credit's Collection System are documented.

Penn Credit has assigned certain roles/responsibilities within the CCM process.

The Change Initiator (CI) is responsible for:

- Initiating a change to the collection system by submitting an "IT Project Initiation Request" form. The form is located on the corporate intranet.
- Participating in the development of the change plan and success criteria.
- Indicating approval of the change plan and success criteria.
- Performing testing activities and providing evidence to verify successful implementation of the change.
- Indicating user acceptance of the change in the test environment.
- Indicating user acceptance of the change in the production environment, if applicable.

The Vice President of Information Technology is responsible for:

- Evaluating all "IT Project Initiation Requests" to determine if the request is a change to an existing system (change control) or new development (system development life cycle).
- Approving all project requests for Change Control and SDLC projects.
- Assigning the change request to the appropriate Change Owner.
- Approving the change plan prior to commencement of work.
- Requesting the assistance of the applicable IT team members identified by the Change Owner (CO) in the change plan.
- Scheduling and prioritizing the implementation of change requests.
- Reviewing change documentation for technical accuracy and completeness.

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- Approving the completed change prior to release of the change to the production environment.
- Indicating user acceptance of the change in the production environment, if applicable.
- Assigning the change request to the appropriate Change Owner.
- Approving the change plan prior to commencement of work.
- Requesting the assistance of the applicable IT team members identified by the CO in the change plan.
- Scheduling and prioritizing the implementation of change requests.
- Reviewing change documentation for technical accuracy and completeness.
- Approving the completed change prior to release of the change to the production environment.
- Indicating user acceptance of the change in the production environment, if applicable.
- Reviewing change control documentation for compliance with Penn Credit policies and procedures governing change control.
- Approving closure of the change control, closing the change control request, and retaining change control documentation.

The Change Owner (CO) is responsible for:

- Completing the "Computer System Change Control Form".
- In conjunction with the Change Initiator, planning the change, including success criteria and a contingency plan in the event that the change is not successful, and signing the form.
- Obtaining approval for the change plan from the Change Initiator and applicable IT Project Manager.
- Performing and documenting the change in a test environment, attaching screen captures or other documentation as appropriate.
- Notifying the Change Initiator upon completion of the change so that testing activities may be conducted.
- Upon successful completion of testing activities, Change Initiator acceptance, and the applicable IT Project Manager approval, releasing the change to the production environment.

- In the event that the implementation of the change is unsuccessful, executing the contingency plan to restore the system to the state prior to implementing the change.

Additional points concerning Penn Credit's CCM process:

- The Change Initiator is apprised of change planning and execution activities. The Vice President of Information Technology reviews and approves completed changes prior to the change moving to a production environment.
- Changes to Collection System software are tested in an environment separate from the production environment.
- Wherever possible, changes to the production environment are scheduled for implementation during non-critical operating hours.
- All approved change control documentation are collected and retained.

Emergency Application Software Changes

If business requirements necessitate the need for an "emergency" change to a system, the emergency change must be approved prior to implementation of the change. Verbal approval from the Vice President of Information Technology is required. Emergency changes must comply with the CCM procedure, however, documentation must be completed after the change has been implemented. Emergency changes are kept to a minimum.

Access to Application Software Production Directories

Only authorized IT personnel have access to move application software changes to production. Specifically, the following personnel have access to the production software directories:

- Vice President of Information Technology
- Director of Information Technology
- Senior Technical Support Specialist
- Chief Operating Officer (only used in the event of an emergency)

Request for access to production software directories is sent to the Vice President of Information Technology, who must approve all such requests.

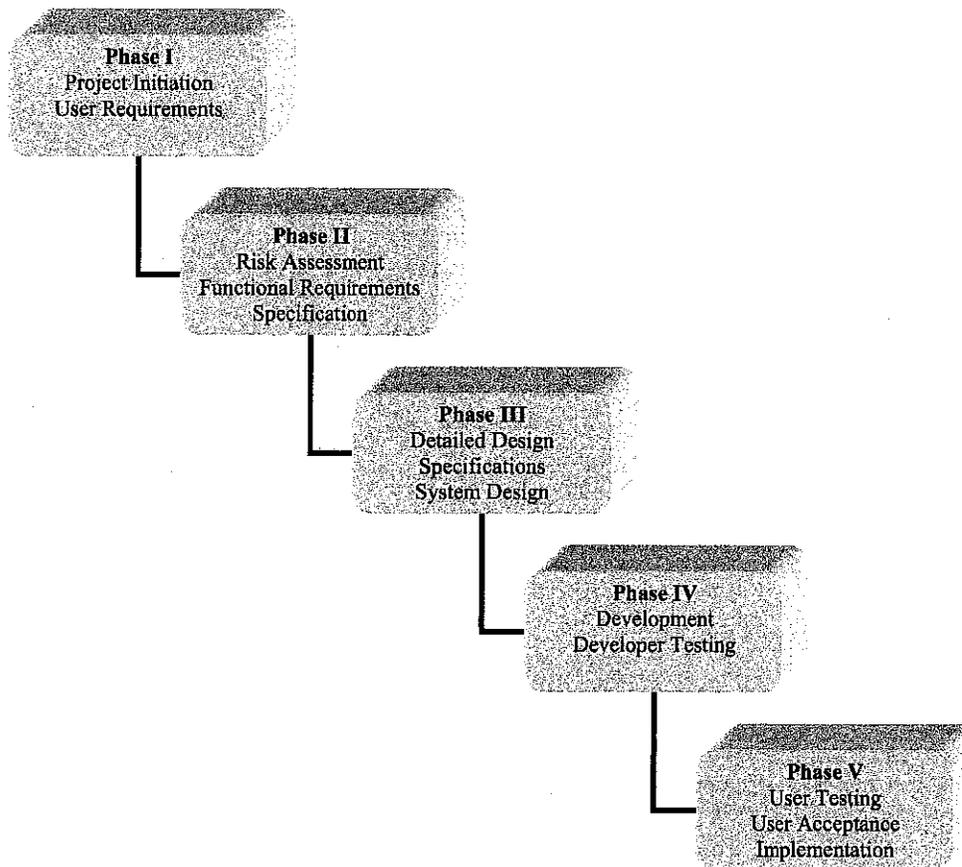
Quarterly Review of Routine and Emergency Application Software Changes

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The Vice President of Information Technology is responsible for reviewing software changes and identifying unauthorized changes to the system. A list of software that has changed in the last 90 days is prepared. Each software module is reviewed by the Vice President of Information Technology. If software changes are identified as "unauthorized", a meeting is convened with the Director of Information Technology to discuss the unauthorized changes. The results of the meeting are documented for future reference.

System Development Life Cycle (SDLC)

Penn Credit has implemented a formal process for developing, acquiring, modifying, or eliminating software for the Penn Credit Collection System, which is depicted as follows:



Penn Credit has assigned certain roles/responsibilities within the SDLC process.

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- When collection system software is being developed, maintained, and/or eliminated, IT Department personnel are responsible for adhering to Penn Credit's SDLC process. For larger projects, a cross-functional team may be formed to develop and implement the software. Individuals assigned to a project team may assume multiple roles.
- Individuals and functional groups involved with the SDLC process are responsible for collaborating with the Requestor to ensure that the Collection System software is implemented and maintained in compliance with Penn Credit policies and procedures and applicable regulatory requirements.
- The Requestor is responsible for:
 - Submitting an IT Project Initiation Request Form.
 - Participating in the Test Design and User Testing.
 - Indicating User Acceptance.
 - Conducting end-user training.
- The IT Project Manager or designee is responsible for the overall implementation of the proposed Collection System software, including, but not limited to:
 - Obtaining support, i.e. resources and budgets.
 - Routine communication to management on the project's progress.
 - Defining the user requirements.
 - Selecting a vendor or developer as applicable.
 - Ensuring that all appropriate procedures are followed, including compliance with all regulatory requirements.
 - Developing and testing software.
 - Ensuring that the software is operated and maintained as per the applicable system-specific procedures.
 - Ensuring that the system is tested relative to the user requirements, conducting system testing, as well as, indicating user acceptance of the system prior to implementation.

SDLC Phases:

A. Phase I - Project Initiation and User Requirements

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- Defines the business requirements to be satisfied by implementing collection system software.
- The Requestor must begin the initiation phase by completing an "IT Project Initiation Request" form.
- Documented user requirements are the basis for the development of software. User Requirements Specifications (URS) are documented on a URS document, which must be approved in order to proceed to the next phase of the life cycle.

B. Phase II - Risk Assessment/Functional Requirements Specifications

- Consists of the performance of an initial risk assessment and the development of functional requirements.
- An initial Risk Assessment is performed to evaluate, document, and mitigate risks that could adversely affect the software and Penn Credit as a whole.
- A Functional Requirements Specifications (FRS) is completed which documents what the software will do based on the user requirements defined in the URS.

C. Phase III - Detailed Design Specifications - System Design

- Consists of the development of design/configuration specifications and a design/configuration review. A documented design specification is the basis for the development/configuration of the collection system software.
- All design elements are documented in a Detailed Design Specifications (DDS) which can be traced back to the corresponding system function identified in the FRS.
- A design/configuration review is then conducted to verify that all of the requirements in the URS/FRS have been met. All design elements in the DDS must be traceable to the requirements.
- Based on the review, the design and/or requirements may be reevaluated and/or modified. Revisions to the requirements and design documents must be documented.

D. Phase IV - Development/Developer Testing

- Consists of system development and developer testing. In this phase, the software code is written, or the system is re-configured. The updated software/configuration is then reviewed and tested. The reviewer cannot be the developer.

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- Development testing is conducted to evaluate the suitability of the code/configuration. Based on the testing results, requirements and design may be assessed and modified as needed.
- Development change management oversees changes to collection system software during the development phase of the SDLC. The development change management process starts with the approval of the FRS document, and ends with implementation of the system into a production environment.
- The development change management process occurs under the direction of the development IT Project Manager. The development change management process must:
 - Identify review and approval criteria for proposed changes made under the development stage of the SDLC.
 - Identify the members of the development change management team who will be reviewing and approving the changes requested. Selection of required reviewers and approvers is made to ensure communication of changes to key stakeholders.
 - Identify the change documentation that is to be collected and retained. At a minimum, any approved development change management documents must be collected and retained.

E. Phase V - User Testing/User Acceptance – Implementation

- User Testing is the point in the life cycle process when the system is released to the user for testing prior to implementation in a production environment.
- User Acceptance by the Requestor is based on approval of the Test Plan, which documents all user testing activities and defines the criteria for User Acceptance.
- Implementation of Collection System software in the production environment is contingent upon documented User Acceptance and the approval of the applicable IT Manager.

Control Objective #2

Logical Access and Security - Controls provide reasonable assurance that application and network access is restricted to authorized individuals.

Controls specified by Penn Credit:

- Application and network password controls are configured to meet the password policy.

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- New user access and user access changes are authorized and require an Access Request Form.
- User access deletions require a Human Resources termination notice, documented management request, etc., to ensure terminated employee access is deleted in a timely manner.
- Security administration access is restricted to users with a business need.
- Powerful application access (i.e., the ability to access all applications screens and functions) is restricted to users with a business need.
- Shared accounts are removed and individual user IDs are used.
- Business owners perform a periodic review of application user access rights.
- Logging of application transactions and security violations is performed and monitored on an as-needed basis for troubleshooting problems, researching performance issues, etc.

Description of Controls

Password Controls

IT Operations is responsible for maintaining all Collection System and network passwords. Penn Credit has a formal password policy which defines the following parameters for user passwords (all enforced automatically by the system):

Collection System:

- Collection system passwords will have a length between 6 and 12 characters.
- Rules governing the use of any element of the person's name in the password (full first name or full last name cannot be in the password).
- All passwords are non-display, even to administrators of the system. Forgotten passwords must be reset.
- For security reasons, there are no passwords hints available to the end users.

Network:

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- Password reset requests must be sent to IT department by a manager. Any requests coming from other users will be logged as a violation in the Incident Management Log. In addition, the corresponding manager will be notified of the violation.
- Password Requirements
 - Not contain the user's account name or parts of the user's full name that exceed two consecutive characters
 - Be at least six characters in length
 - Contain characters from three of the following four categories:
 - a) English uppercase characters (A through Z)
 - b) English lowercase characters (a through z)
 - c) Base 10 digits (0 through 9)
 - d) Non-alphabetic characters (for example, !, \$, #, %)
 - Complexity requirements are enforced when passwords are changed or created.
- The windows environment requires that passwords be reset after 90 days.
- Collectors utilize a generic/shared login so their password is blank and must be changed every 90 days. Collectors have restricted access to the windows networking environment. This limited access does not present a security risk to the sensitive corporate information.
- All passwords are non-display, even to administrators of the system. Forgotten passwords must be reset.
- For security reasons, there are no passwords hints available to the end users.
- Users are allowed to reuse their password after 5 password changes.

Addition, Deletion, and Modification of System User Accounts

IT Operations is responsible for adding, changing, or deleting users to and from the Collection System. Request for new user access and user access changes for internal users of Penn Credit employees follow these procedures:

- Penn Credit Manager submits an add/change access form to the IT Department.

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- The Vice President of Technology or designee receives the form and contacts the Manager to verify the intent of the access. Only managers are allowed to submit an access form. If a form is received from a person other than a manager, the request is rejected. In addition, this constitutes a violation of this policy. The violation is then logged into the Incident Management Log and the Chief Operating Officer is notified.
- Once the intent has been approved, a technician is assigned the task of creating the appropriate user accounts. The technician notifies the manager via email that the user accounts are now ready. The remaining fields on the form are filled out by the technician along with the completion date. This form is then archived in the Add/Change User Access Book which is located in the IT Department.
- New Windows networking environment user accounts are created using the first letter of the person's name and then their last name. If there is a conflict with an existing user, a digit is added to the end of the account name.
- New Collection System user accounts are created using either the collector ID, which is assigned by the Chief Operating Officer, or the person's first name. If there is a conflict with an existing account, an appropriate alternative is found and used.

Request to delete an internal users of Penn Credit systems follow these procedures:

- Penn Credit manager submits a delete user form to the IT Department.
- The Vice President of Technology or designee receives the form and contacts the manager to verify the intent of the deletion. Only managers are allowed to submit a delete user access form. If a form is received from a person other than a manager, the request will be rejected. In addition, this constitutes a violation of this policy. The violation is then logged into the Incident Management Log and the Chief Operating Officer is notified.
- Once the intent has been approved, a technician is assigned the task of performing the deletion. The technician notifies the manager via email that the user account has been deleted. The remaining fields on the form are filled out by the technician along with the completion date. This form is then archived in the Delete User Access Book which is located in the IT Department

Shared Account Access

Shared account access is limited to the Windows environment. Only Collectors have shared Windows account access. Each Collector has the same programs available to them. They also have limited access to network resources as well as internet web sites. Additionally, a Collector Windows login does not have a folder in the user document library on the corporate network share.

Collectors utilize a generic/shared login so their password is blank and must be changed every 90 days. Collectors have restricted access to the windows networking environment. This limited access does not present a security risk to the sensitive corporate information.

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Security Administration and Super User Access

Requests to allow a new user to have administrator and super user access follow these procedures:

- Penn Credit Manager submits a new user form to the IT Department. On the form, the allow administrator/super user access is selected.
- The Vice President of Technology or designee contacts the manager to identify why this person requires administrator/super user access. The manager must give a valid reason for such access. If the Vice President of Information Technology decides that there is no justification for such access, then the access is denied.
- Once the intent has been approved, the Vice President of Information Technology will add the new user name into the administrator group of the Windows networking environment as well as to the super user group of the collection system.
- New User forms are archived in the Add/Change User Access Log.
- No generic/shared accounts have super-user access.
- Passwords are not shared among users.

The following Penn Credit personnel have administrator and super user access:

- Vice President of Information Technology
- Director of Information Technology
- Senior Technical Support Specialist
- Chief Operating Officer (only used in the event of an emergency)

Periodic Review of User Access and Security Violations

The Vice President of Technology is responsible for conducting a quarterly review of user access for both the Windows server and Collection System environments. The Security Log of each Windows server is reviewed and any anomalies are resolved. Additionally, the AIX system login data related to the Collection System is reviewed and any anomalies are resolved.

Systems are configured to automatically log security activity, as related to application, network, database, and operating system access. System logs are available for monitoring in order to identify irregularities and investigate security incidents. Monitoring of logs is performed as required to identify suspicious

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activity, investigate security violations, and troubleshoot problems. Evidence of reviews performed and actions taken is documented.

An Incident Management Report is in place to ensure all system incidents are recorded, analyzed and addressed. All security violations are communicated to the Vice President of Information Technology upon timely confirmation of a violation. Critical events and event resolution are logged in the Incident Management Report. Security logs are retained to support incident resolution and allow for further research as applicable. Security controls are implemented to ensure that unauthorized parties cannot alter or delete the security logs.

Control Objective #3

Network Systems Security and Maintenance - Controls provide reasonable assurance that network systems are properly secured and maintained.

Controls specified by Penn Credit:

- Access to the network systems is restricted to users with a business need.
- Minimum security baseline standards or "hardening" guidelines exist for the network systems and there is a process for periodic monitoring for compliance with the minimum security baseline standards.
- Network system changes are approved and documented.
- When appropriate, encryption techniques are used to support the confidentiality of information sent from one system to another.
- Intrusion detection systems (IDS) exist at all key access points.
- Vulnerability scans and attack and penetration tests are conducted.
- Third party software is used to protect systems and desktops from viruses.
- Documented procedures exist to control remote access.

Description of Controls

Network Operation and Maintenance

Penn Credit has a formal policy related to the operation and maintenance of their network systems, encompassing routers, switches, bridges and wireless access points that make up the network. This policy

contains Penn Credit network device standards, configuration templates, and the process for maintaining the standards/templates.

The Vice President of Information Technology is responsible for:

- Reviewing and approving the Network Standards.
- Reviewing changes to network devices.
- Configuring and implementing network devices according to this procedure.
- Performing and documenting changes to network devices.
- Monitoring the network and taking appropriate actions.

Penn Credit follows these procedures related to network operation and maintenance:

- Adequate precautions are taken to ensure that the network is safe from both internal and external tampering. All equipment is located in a secured area accessible only by authorized personnel. Precautions are taken to ensure that the default security has been removed from the devices and that passwords to network accessible devices have been changed. Restrictions are placed on the number of maintenance connections to network accessible units. To prevent compromising of the network from external sources, firewall systems in place are monitored for attack and all dial-in connections strictly controlled. Internal access control systems may be implemented to further enhance security.
- The network software and hardware are installed in accordance with the manufacturer's installation guide. The Information Technology Department coordinates installation by ensuring:
 - Availability of specified network components.
 - Space, power and network connectivity requirements in a secured area.
 - The assembly of all installation related network equipment and documentation.
- All equipment purchased and installed must conform to the standards outlined in Penn Credit's Network Operation and Maintenance policy. Any deviations from the standards require approval of the Vice President of Information Technology.
- The installation process is documented with the steps taken, parameters set, settings and all other specifics relating to the installation of network equipment. This is important for understanding the particular configuration for future troubleshooting, knowledge transfer and in the event that the device is compromised and must be re-installed.

- All new installation of network equipment is initiated by:
 - Change Control request
 - New project implementation (SDLC)
 - Replacement of equipment (faulty or end of service)
- Devices are not directly connected to the network until the configuration is in place and verified.
- Administrator accounts are disabled or renamed where possible. If it is not feasible to disable/rename the account, a strong password is assigned to the administrator account.
- When the device is placed into production, an entry is made to inventory noting the following information:
 - Device name
 - Site
 - IP address
 - Model
- Any changes to network devices are initiated by:
 - Change Control request
 - New project implementation (SDLC)
 - Response to incident ticket
- During emergency situations (i.e. to prevent loss of data, system deterioration or outage, or breach of security) and at the discretion of the Vice President of Information Technology, changes may be made on production devices without testing.
- The Vice President of Information Technology will review audit logs for the network devices on an as-needed basis. Evidence of these reviews is retained in the IT department as per Company and legal record retention guidelines.

Access to Network Systems

The Vice President of Technology is currently the only employee with access to the network routers, firewalls, and switches. He is also responsible for maintenance of this equipment.

In the event that additional users are granted access to these devices, the following procedures will apply:

- Access to network device accounts is restricted to approved users based on a documented business need.
- Where possible and feasible, users must have a unique account created for their use. When necessary, privileged generic user accounts are employed to access devices.
- Individuals are not to share their user account and password with anyone.
- The passwords assigned to the privileged generic accounts are reviewed by the Vice President of Information Technology to ensure compliance with Penn Credit's password policy. These passwords are documented and maintained in a secure area.

Security Baseline and "Hardening" Guidelines

Penn Credit utilizes proper security baseline and "hardening" guidelines over network systems. The Vice President of Technology is responsible for maintaining these standards. For example, the Watchguard Firebox 1000 firewall appliance is utilized to secure network systems from unauthorized external threats. Penn Credit's "Firewall Configuration Standards" policy lists the various ports that are used for day-to-day operations to function properly. All firewall ports and protocols are reviewed by the Vice President of Technology on a quarterly basis to ensure the appropriate security standards are maintained.

Encryption Techniques

The Vice President of Information Technology is responsible for maintaining the integrity of the encryption method used on Penn Credit's web servers. Penn Credit utilizes an encryption method provided by DigiCert Corporation. A digital certificate is purchased from DigiCert on an annual basis. This digital certificate is installed onto Penn Credit's web server. The web server utilizes 128/256 bit strong SSL encryption when displaying any information that could be personally identifiable. When a remote user accesses Penn Credit's web server, they are presented a link that will verify the authenticity of the digital certificate provided by DigiCert Corporation.

Intrusion detection systems (IDS)

The Vice President of Information Technology is responsible for maintaining the integrity of the corporate firewall. Penn Credit utilizes the Watchguard Firebox 1000 firewall appliance, located in the Data Center, to detect intrusions from internet hackers. This firewall appliance detects and prevents intrusions coming from hackers via the internet.

- The firewall appliance will detect and prevent the following types of attacks:
 - Port scans and probes
 - Spoofing

- Synflood attacks
- Denial of Service
- The misuse of IP Options such as source routing
- When an attack is detected, the type of attack is logged into the Watchguard log. These logs are reviewed on a quarterly basis.

Vulnerability Scans

The Vice President of Information Technology is responsible for running the vulnerability scans on the Penn Credit network, which is intended to identify and resolve weaknesses over the entire Penn Credit network.

- Once per quarter, a PCI and Vulnerability Scan is performed by nCircle Corporation, an approved Scanning Vendor (ASV).
- An entry is made in the Vulnerability Scan log along with a printed version of the results.
- Any weaknesses discovered during the scan are recorded in the Vulnerability Scan Log.
- Any and all weaknesses discovered are immediately resolved. Scans are performed until the results are satisfactory.

Virus Protection

The Vice President of Information Technology is responsible for installing and updating the anti-virus software, which is intended to protect the integrity of servers and related applications and data from external threats.

- Penn Credit utilizes anti-virus software from AVG Corporation.
- The AVG File Server Anti-Virus software is installed onto every server in the Penn Credit Data Center.
- Once per day, the anti-virus software performs an automatic update which downloads a new virus protection list. This list automatically installs onto the file server.
- Once per day, the anti-virus software performs a complete scan the contents of each server. The results of the scan are emailed to the Vice President of Information Technology. Also, any virus/threats are automatically quarantined.

Remote Access

The Vice President of Information Technology is responsible for maintaining remote access abilities, which require a Virtual Private Network connection to the Penn Credit network.

- The Vice President of Information Technology receives an email stating that a remote user requires VPN access. This user must be a current user in the Windows Active Directory. If not, then a new user form must be filled out by the requestor.
- Using Watchguard Firebox client software, the user is added to the Watchguard user database. A password is also generated and included in the database.
- The Vice President of Information Technology contacts the user via phone and conveys the username and password that they will need to connect via VPN.
- After a user has been deleted from the corporate network, a scan of the users in the Watchguard database is performed. If the user is found in the database, the user is deleted.

Control Objective #4

Backup and Recovery - Controls provide reasonable assurance that production program and data files are backed up regularly.

Controls specified by Penn Credit:

- Program and data files are backed-up in conjunction with their frequency of update.
- Backup files are rotated to an off-site location.
- Backup files are periodically tested.

Description of Controls

Collection System Backup and Restore

Penn Credit has a formal policy for the backup and restore of the AIX server (houses the corporate Collection System). The backup strategy is designed to minimize data loss if there is a hardware or software failure. Backup media is rotated to a secure off-site location.

IT Operations is responsible for:

- Creating the backup job.

- Monitoring for successful completion.
- Rotating tapes offsite.
- Performing restores as requested.
- Providing assistance with problems and issues.

Penn Credit follows these procedures related to Collection System backup:

- Daily Backup (business day)
 - Backups are performed to provide the capability to restore data in the event of data loss.
 - IT Operations creates the backup jobs using AIX scripting language to backup data and file systems. These backup jobs are scheduled to run during the backup window starting at midnight, Sunday through Thursday.
 - A full backup is performed at each interval.
 - All backup jobs are directed to tapes on media recommended by the tape drive manufacturers.
 - All tapes have an external label consisting of the last date a backup was performed onto that media.
 - Daily, the previous backup tapes are unloaded and the current tapes are loaded. The tapes are rotated to the off-site storage facility. These tapes are retained off-site for a period of 2 days.
- Monthly/Yearly Backup
 - The first business day of each month is designated as the monthly tape backup which is sent offsite to a safety deposit box at Mid-Penn Bank. This tape remains at Mid-Penn Bank for a period of 1 year.
 - The first business day of the year is designated as the yearly tape backup and is sent offsite to a safety deposit box at Mid-Penn Bank. This tape remains at Mid-Penn Bank for a period of 7 years.
- Monitoring
 - Every day (business day), IT Operations reviews a summary backup status report for the collection system. This report states if the backup was successful or if there was a failure.
 - All backups that did not complete normally are investigated, resolved and logged in an incident management system.

- Restore
 - All requests for data recovery are logged in an incident management system and assigned to the appropriate IT Operations team for completion. IT Operations is responsible for retrieving the tape from the corporate offsite tape retention center when required.
 - The restoration of the collection system is performed annually.

Corporate Data Center Backup and Restore

Penn Credit has a formal policy for the backup and restore of the corporate Data Center, which houses all of Penn Credit's network servers. The backup strategy is designed to minimize data loss if there is a hardware or software failure. Backup media is rotated to a secure off-site location.

IT Operations is responsible for:

- Creating the backup job.
- Monitoring for successful completion.
- Rotating tapes offsite.
- Performing restores as requested.
- Providing assistance with problems and issues.

Penn Credit follows these procedures related to corporate Data Center backup:

- Daily Backup (business day)
 - Backups are performed to provide the capability to restore data in the event of data loss.
 - IT Operations creates the online backup jobs using Windows scripting language and NTbackup. These online backup jobs are scheduled to run during the backup window starting at midnight, Monday through Friday.
 - A full online backup is performed at each interval. The data is stored on a 1 Terabyte networked attached storage unit. There are 5 days of online backups.
 - Starting at 9am each business day, a tape backup is performed on the online data from the networked attached storage unit.

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- All tape backup jobs are directed to tapes on media recommended by the tape drive manufacturers.
- All tapes have an external label consisting of the last date a backup was performed onto that media.
- Daily, the previous backup tapes are unloaded and the current tapes are loaded. The tapes are rotated to the off-site storage facility. These tapes are retained off-site for a period of 2 days.
- Monthly/Yearly Backup
 - The first business day of each month is designated as the monthly tape backup, which is sent offsite to a safety deposit box at Mid-Penn Bank. This tape remains at Mid-Penn Bank for a period of 1 year.
 - The first business day of the year is designated as the yearly tape backup and is sent offsite to a safety deposit box at Mid-Penn Bank. This tape remains at Mid-Penn Bank for a period of 7 years.
- Monitoring
 - Every day (business day), IT Operations reviews a summary backup status report for the collection system. This report states if the backup was successful or if there was a failure.
 - All backups that did not complete normally are investigated, resolved and logged in an Incident Management System.
- Restore
 - All requests for data recovery are logged in an Incident Management System and assigned to the appropriate IT Operations team for completion. IT Operations is responsible for retrieving the tape from the corporate offsite tape retention center when required.
 - The restoration of the corporate Data Center backups is performed annually.

Information stored on the local hard drives of desktop systems is not backed up. Employees are advised during New Employee Orientation to save data and documents to the network directories, and not to the local hard drive.

Offsite Media Storage

IT Operations are responsible for securing offsite backup media. These procedures are followed:

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- After all of the daily backups have completed, IT Operations removes the tapes from both the collection system server as well as the Backup server. The backup tapes are logged into the Daily Backup Log.
- Both tapes are given to the Vice President of Information Technology. The tapes are taken offsite and secured at the Vice President's residence in a secure fire proof cabinet. The Vice President makes an entry in the Offsite Media Storage Log that the tapes were removed from the building. This entry includes the date of removal as well as the offsite storage location.
- On a daily basis, the Vice President of Information Technology brings in a set of tapes from two business days prior. These tape numbers are logged into the Offsite Media Log and the tapes are rotated back into the backup scheme.
- When a Monthly and/or Yearly backup tape is created, they are labeled and given to the Clerical Manager. The Clerical Manager instructs a clerk to hand deliver the tape to the bank and places it into the safety deposit box. This procedure is logged into the Offsite Storage Media Log.

Control Objective #5

Physical Security and Environmental Controls - Controls provide reasonable assurance that physical access to the data center and other sensitive areas is restricted to appropriately authorized personnel, and that environmental controls systems are in place and operational.

Controls specified by Penn Credit:

- Physical access to the data center is reasonably restricted (by combination lock, magnetic card readers, keys, or other means) and access to the data center is restricted on a business-need-only basis to only authorized personnel.
- IT management performs a quarterly review of access to the data center
- A sufficient number of smoke and fire detection devices are in place.
- Currently inspected fire extinguishers are located within the data center and output areas.
- An uninterrupted power supply (UPS) system is in place for all significant computer hardware devices.
- A back-up generator or alternate power grid feed is available to provide power during extended outages of primary power.

Description of Controls

Physical Security

The Penn Credit Data Center is located on the second floor of corporate headquarters at 916 South 14th Street, Harrisburg, PA and can be accessed via a biometric thumb scanner. The Data Center houses network, server, and telecommunication equipment vital to the daily operation of Penn Credit.

The Vice President of Information Technology or designee is responsible for:

- Ensuring that the security requirements for the Data Center are specified, implemented, and maintained.
- Approving or revoking access to the Data Center.
- Periodically reviewing the list of persons with access to the Data Center for accuracy and appropriateness.
- Ensuring that visitor logs are routinely monitored for irregularities.
- Ensuring that the environmental conditions are monitored and reviewed; irregularities are reported and resolved in an expedited manner. Climate excursions resulting in system disruption shall be documented in an incident management system.

The Data Center employs security measures to ensure that the servers, computer systems, and corresponding data are secured against willful or accidental loss, unauthorized disclosure, damage, or unauthorized change. All requests for access to the Data Center are documented and approved via the Computer Access Request form. Approval for access is granted by the Vice President of Information Technology or designee.

Two levels of access are granted:

- Visitor Access
 - Personnel who need access to the Data Center on an infrequent or single occurrence basis are allowed to enter with an escort who has access. The escort makes a notation in the Visitor Log when entering the data center with the visitor and completes the log entry when exiting the Data Center with the visitor. The escort remains with the visitor at all times while in the Data Center. If the escort must leave, arrangements are made to have another authorized employee assume the responsibility of the escort.
 - With prior approval from the Vice President of Information Technology or designee, visitors may be unaccompanied while in the Data Center to complete approved maintenance, however, an escort must monitor the visitor's progress on an hourly basis.

- Biometric Thumb Scan Access
 - Personnel familiar with the general operating procedures of the Data Center and with a requirement to be in the Data Center to complete critical job functions are granted un-escorted access to the Data Center. This is accomplished through the scanning of the person's thumb into the corporate security system. Unescorted access is granted to a limited number of employees whose job responsibilities require it.
 - At the discretion of the Vice President of Information Technology, time restrictions may be placed on thumb scan access. Non-company employees, i.e. contractors, vendors, and consultants may be granted un-escorted access with the following provisions:
 - 1.) Contractors must have a valid contract for service and the contract includes appropriate liability coverage. If the contractor does not have a valid service contract then a signed acknowledgement of liability statement is kept on file.
 - 2.) Contractors must sign the Visitor Log when entering and exiting the Data Center.

On a biannual basis, a review of persons with data center access is performed for accuracy and appropriateness. The access report is signed and retained in the Information Technology department per Penn Credit's record retention policy.

A report of data center thumb scan activity (users and time accessed) is reviewed for unusual or suspicious activity as warranted. Appropriate actions are taken on any suspicious activity to mitigate future risks of unauthorized or unapproved access.

On a biannual basis, a review of the visitor logs is performed for accuracy and appropriateness. Upon review, the logs are signed and retained in the Information Technology department per Penn Credit's record retention policy.

Environmental Controls

Penn Credit utilizes fire detection and suppression equipment in the IT Data Center. The Chief Operating Officer is responsible for overseeing the testing and maintenance of all smoke and fire detection devices. Smoke and fire detection devices are installed and maintained by ADT Corporation. The devices are linked to the building security system provided by ADT. Penn Credit maintains a yearly contract with ADT to provide building security.

The Chief Operating Officer is responsible for overseeing the testing and maintenance of all fire extinguishers, which are installed at various locations through the Penn Credit headquarters, including the IT Data Center. All fire extinguishers use Halon to suppress fires. All fire extinguishers were installed and are maintained by Kint Fire Protection. Penn Credit Corporation contracts with Kint Fire Protection to test and maintain each device once per year.

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Penn Credit utilizes uninterrupted power supply devices in the event that power is cutoff at the corporate headquarters. The Vice President of Information Technology is responsible for overseeing the testing and maintenance of all uninterrupted power supplies located in the Penn Credit Data Center. The following is a list of the UPS devices located in the Penn Credit Data Center and the servers attached to each UPS.

- American Power Conversion UPS 3000
 - Voice Recorder Server
- American Power Conversion UPS 2200XL
 - Corporate Phone System
- Powerware 5125
 - IBM p52a – main collection system server
 - Windows Domain Controller / File Server
 - Corporate Exchange Server
 - Front-end Predictive Dialer Server
 - Corporate Webserver
- American Power Conversion UPS Matrix 5000
 - Two Predictive Dialer Servers
 - Network Backup Server
 - Backup Domain Controller Server
 - Print Server
 - Call Center Server
 - Voice Mail Server
 - Blackberry Enterprise Server
 - All routers and switches
 - Watchguard Firebox Firewall appliance

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Each business day, a designated technical support specialist reviews the power levels of each UPS and records the findings in the Daily Operations Checklist. If any anomalies are discovered, they are immediately conveyed to the Vice President of Information Technology. All of the UPS devices have enough power for about 45 minutes of up time. The Vice President of Information Technology determines if all of the systems need to be powered down. In the event of a power outage, the Vice President of Information Technology contacts Pennsylvania Power and Light to determine the length of the outage.

Various operational checks are also performed on a daily and/or weekly basis to ensure that the optimal operational conditions are maintained within the Data Center. These checks provide an opportunity to detect undesired trends and address issues prior to hardware failure and potential data loss. A checklist is utilized that requires review of items such as server alarms, storage area network (SAN) alarm, uninterruptible power supply (UPS) alarm, UPS load, and room temp. The operational checklists are reviewed monthly. Upon review, the checklists are signed and retained in the Information Technology department per Penn Credit's record retention policy.

Application Controls

The control procedures at Penn Credit related to the conversion of client account data and receipt of debtor payments are described using the following categories:

6. Data Transfer
7. Debtor Payments

Management of Penn Credit has determined its control objectives and identified its controls to achieve these objectives.

Control Objective #6

Data Transfer - Controls provide reasonable assurance that client accounts receivable files are completely and accurately setup in the Collection System.

Controls specified by Penn Credit:

- Batch control totals are utilized whenever possible when converting client accounts receivable files to the Collection System. These batch totals are compared to client batch totals to ensure completeness and accuracy of data conversion.
- An Acknowledgement Report is created once client accounts receivable files have been converted. This Acknowledgement Report is reviewed by the client to ensure accuracy and completeness of data conversion.
- Clients and debtors are given on-line access to their respective account information within the Collection System to validate accuracy of debtor balances and related data.

Description of Controls

Batch Control Totals

Penn Credit receives client accounts receivable data either electronically or manually. Electronic data is converted to the Collection System through electronic conversion processes. Manual data is manually input by clerical personnel.

Batch control totals are computed (normally on the number of accounts and the total dollar of accounts receivable) after the data has been converted to the Collection System. These batch control totals are then compared to the same totals computed by the client to verify that all data has been received and accurately converted. If discrepancies are noted, they are resolved prior to completion of the data conversion process.

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Acknowledgement Report

An Acknowledgement Report is created once client accounts receivable files have been converted to the Collection System. The Acknowledgement Report is delivered to the client prior to finalizing account set up. Penn Credit asks the client to review the detail data on-line to ensure that the information appears to be accurate and complete. If certain data fields have not been converted correctly, the issues are resolved prior to completion of setup.

On-line Access to Collection System

Clients are given on-line access to their information within the Collection System. This enables them to track the progress of the account collection efforts in real-time. If clients notice discrepancies within the account data, they will notify Penn Credit and the issues are addressed immediately.

Debtors are also given access to their specific account information when they are contacted for collection. They have the ability to review their bad debt account data on-line in real-time; any noted discrepancies are resolved immediately.

Control Objective #7

Debtor Payments - Controls provide reasonable assurance that debtor payments are completely and accurately recorded, safeguarded, and properly remitted to clients.

Controls specified by Penn Credit:

- Trust accounts are utilized to ensure that debtor payments are adequately segregated from Penn Credit operating bank accounts.
- Client-specific trust funds are set-up for larger customer accounts. These clients receive bank statements from their trust accounts which can be used to verify debtor receipts.
- Penn Credit maintains segregation of duties between Collectors that have access to the debtor account files and clerical personnel that handle debtor receipts and deposit these monies in related trust accounts.
- Clients and debtors are given on-line access to their respective account information within the Collection System to validate accuracy and completeness of collected amounts.

Description of Controls

Trust Accounts

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Penn Credit utilizes trust accounts to segregate debtor payments from other Penn Credit operating funds. Debtor payments are never deposited directly to Penn Credit operating bank accounts.

Debtors are instructed to send payments to Penn Credit; Penn Credit will then deposit the funds directly into the general trust fund account. Customers subsequently receive their respective collections based on either gross debtor payments (customer receives full amount of each payment, and Penn Credit invoices customer for their contracted contingency fee after funds have been remitted) or net debtor payments (Penn Credit takes their contingency fee before remitting the debtor funds to the customer – customer receives “net” amount of each collection).

Client-Specific Trust Accounts

Client-specific trust accounts are set up for certain larger customers. All debtor collections related to these customers are deposited directly into the respective trust funds, as opposed to the general Penn Credit trust fund. For these accounts, the customers will receive bank statements related to their trust account. The bank statement can then be used by the customer to verify collections recorded in the Penn Credit Collection System against the collections actually deposited in the trust account.

Segregation of Duties

Penn Credit maintains segregation of duties between Collectors that have access to the debtor account information and clerical personnel that handle debtor receipts, apply the payments within the Collection System, and deposit these monies to the appropriate trust accounts. Collectors have access to the Collection System and interact with debtors to arrange payments. However, they cannot make payment adjustments within the system. Separate clerical personnel apply the debtor payments to the respective accounts within the Collection System and prepare the deposits to the trust accounts.

On-line Access to Collection System

Clients are given on-line access to their information within the Collection System. This enables them to track the progress of the collected amounts in real-time. If clients notice discrepancies related to collected amounts, they will notify Penn Credit and the issues are addressed immediately.

Debtors are also given access to their specific account information when they are contacted. They have the ability to review their bad debt account data on-line in real-time; any noted discrepancies are resolved immediately.

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Complimentary User Organization (Penn Credit's Clients) Control Considerations

Penn Credit's internal control framework was designed with the assumption that certain internal controls would be implemented by client organizations. In certain situations, the application of specified internal controls at client organizations is necessary to achieve certain control objectives included in this report. The client organization's internal controls should be in operation at client organizations to complement Penn Credit's controls. Quasar Audit Services' examination was limited to the activities and procedures at Penn Credit as they relate to Penn Credit's clients. Accordingly, Quasar Audit Services' examination did not extend to any activities or procedures in effect at the clients of Penn Credit. It is each interested party's responsibility to evaluate the client organization control considerations information presented in this section in relation to the internal controls that are in place at client organizations to obtain complete understanding of the internal controls and to assess control risk. The portions of the internal controls provided by the client organizations and Penn Credit must be evaluated together. If effective client internal controls are not in place, Penn Credit's controls may not compensate for such weaknesses.

This section describes other internal controls that should be in operation at client organizations to complement the controls at Penn Credit. User auditors should consider whether the following controls have been placed in operation at user organizations:

- Controls to provide reasonable assurance that changes to processing options (parameters) are appropriately authorized, approval, and implemented.
- Controls to provide reasonable assurance that those transactions are appropriately authorized, complete, and accurate.
- Controls to provide reasonable assurance that erroneous input data are corrected and resubmitted.
- Controls to provide reasonable assurance that output reports are reviewed by appropriate individuals for completeness and accuracy.
- Controls to inform Penn Credit of any regulatory issues that may affect the services provided by Penn Credit.
- Controls to understand and comply with their contractual obligations with Penn Credit.
- Controls to notify Penn Credit when changes are made to technical, billing, or administrative contact information in a timely manner.
- Controls to comply with the operating instructions of Penn Credit's products and applications.
- Controls for the supervision, management, and control of the use of Penn Credit applications by its personnel.

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- Controls for system sign-on controls and procedures for the selection and printing of available reports at their respective locations.
- Controls for implementing formal security controls that include, but are not limited to, password creation and maintenance, review of user profiles, terminal timeouts, limited sign-on attempts, and reviewing security reports on a periodic basis.
- Controls to ensure the confidentiality of any user IDs and passwords assigned.
- Controls to immediately notify Penn Credit of any actual or suspected information security breaches, including compromised user accounts.
- Controls to maintain their own system of record keeping.
- Controls to verify that any changes to application security requested by the user organization and performed by Penn Credit personnel were accurately performed.
- Controls to dictate the use of encryption.
- Controls for approving telecommunications infrastructure between the client and Penn Credit.
- Controls for monitoring activity on accounts belonging to employees and directors of the user organizations and Penn Credit employees.

The list of user control considerations presented above is not a comprehensive list of all internal controls that should be employed by the clients of Penn Credit. Other internal controls may be required at user organizations.

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Section III – Information Provided by the Independent Auditor

Objective and Scope of the Review

This report on the controls placed in operation is intended to provide interested parties with information sufficient to obtain an understanding of those aspects of Penn Credit's controls that may be relevant to an audit of Penn Credit client's financial statements. This report, when combined with an understanding of the internal controls in place at a Penn Credit client, is intended to permit an evaluation of the total internal control structure surrounding collections transactions processed by Penn Credit. The user control considerations—those controls that should be in place at the user organizations to complement Penn Credit's controls—are outlined in Section II of this report.

The examination was performed in accordance with the guidelines contained in the AICPA's Statement on Auditing Standards (SAS) No. 70, entitled *Service Organizations*, and its amendments and interpretations. It is each interested party's responsibility to evaluate this information in relation to the internal controls placed in operation at customers to obtain an overall understanding of the internal controls and assess control risk. The portions of the overall system of internal control provided by Penn Credit and its customer organizations must be evaluated together. If effective customer internal controls are not in place, Penn Credit's controls may not compensate for such weaknesses.

Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying descriptions present fairly, in all material respects, the aspects of Penn Credit's controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations applied the controls contemplated in the design of Penn Credit's controls, and (3) such controls had been placed in operation as of January 1, 2009.

Section IV – Other Information Provided by Penn Credit

The American Institute of Certified Public Accountants (AICPA) has prepared a Statement on Auditing Standards Number 70 (SAS No. 70) Audit Guide. As it relates to business continuity and contingency planning, Section 2.42 of the AICPA Audit Guide states:

“If a service organization wishes to describe its business continuity and contingency plans, such information may be included in Section IV – “Other Information Provided by the Service Organization”. Because plans are not controls, a service organization should not include in its description of controls a control objective that addresses business continuity and contingency planning.”

In accordance with the AICPA guidelines, a control objective related to business continuity and contingency planning has not been included in Section II and III of this report. In order to provide business continuity information to clients, Penn Credit has included information related to these controls below.

Business Continuity and Disaster Recovery

Penn Credit maintains a Business Continuity and Disaster Recovery Plan to minimize the impact of business interruptions to Penn Credit’s operations and corresponding client services. The purpose of Penn Credit’s Business Continuity and Disaster Recovery Plan is to outline the preparation processes and post-event procedures for a disaster scenario in order to minimize the impact on ongoing Penn Credit collection operations. Penn Credit has developed and implemented this plan in order to ensure that critical operations can resume normal processing within a reasonable time frame, in the event of a disaster. Penn Credit has identified potential system vulnerabilities and has implemented a disaster prevention program that will minimize the duration of a serious disruption to business operations, facilitate effective coordination of recovery tasks, and reduce the complexity of the recovery effort.

The key objectives of Penn Credit’s Business Continuity and Disaster Recovery Plan are:

- Provide for the safety and well-being of people on the premises at the time of a disaster.
- Continue critical business operations.
- Minimize the duration of a serious disruption to operations and resources (both information processing and other resources).
- Minimize the immediate damage and losses.
- Establish management succession and emergency powers.
- Facilitate effective coordination of recovery tasks.

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- Reduce the complexity of the recovery effort.
- Identify crucial lines of business and supporting functions.

Ownership of the Plan

The Business Continuity and Disaster Recovery Plan is owned by Penn Credit Executive Management. The IT Department is responsible for implementing and carrying out the portion of the plan related to data and program continuity. Other Penn Credit departments and industry sources are consulted to ensure the plan is up-to-date and consistent with best practices.

Crisis Management Team

Penn Credit ensures close cooperation of management and senior personnel in business continuity and disaster recovery planning and implementation. Penn Credit's Crisis Management Team has the overall responsibility for providing direction and guidance to the disaster recovery effort and includes:

- IT / Data
- Telecommunications
- Office facility
- Staff

The plan also addresses how Penn Credit would communicate and manage their relationship with the following, in the event of a disaster:

- Suppliers
- Clients

Penn Credit plans to conduct an off-site test of the IT / Data component of their business continuity and disaster recovery plan during 2009.

Data Integrity and Security, Continuation of Services, and Data Recovery

Confidentiality

Penn Credit understands that both federal and state law protects the confidentiality of information contained in accounts. Each employee must be knowledgeable about and comply with Penn Credit's Corporate Security Policy which addresses the security of all information, equipment and processes within Penn Credit's ownership and control. All employees are required to review this policy annually and view a corresponding Security Awareness Presentation to gain a thorough understanding of all stated requirements. Penn Credit's full Corporate Security Policy is located on Penn Credit's intranet homepage.

Penn Credit believes strongly in confidentiality, handling delinquent accounts with the highest confidentiality level a collection agency can possibly offer. We maintain systems and document security by limiting data access to approved personnel only.

Physical Security

Surveillance cameras, security alarms, Halon fire suppression equipment, strategically placed smoke and heat detectors, and biometric thumb-scan entry access, protect our offices 24 hours a day, seven days a week. Each individual department is also protected by hand-scan access. Only authorized personnel are permitted into the Information Technology Department. Additionally, the Penn Credit Data Center is protected by a final biometric access point, an environmental temperature control and alarm system. Proper and immediate action will be taken against any unauthorized personnel attempting to enter these sensitive areas.

Maintaining Data Integrity

Only users with authorized passwords can access accounts. Internal security modules guarantee that no unauthorized access to sensitive data can occur. We utilize a two-tiered security system involving access limitations at both workstation level and application software level.

PCI-DSS Compliance

Penn Credit is PCI-DSS Compliant, ensuring that all cardholder data we process is safe and secure at all times. Payment Card Industry Data Security Standard or PCI-DSS, is a global standard that was created to assist the credit card industry in the prevention of credit card fraud through increased controls and security. To meet these stringent requirements, Penn Credit utilized an information technology vendor, Allied InfoSecurity, to test and audit our systems:

- Network/Risk assessment using the **ISO 27002 Framework**
- Web Penetration Testing
- External Penetration Testing
- Internal Penetration Testing

As part of the PCI-DSS compliance process, Penn Credit has also implemented the following procedures to protect our client's sensitive data:

- Monthly internal & external network vulnerability scans via Nessus Professional Feed
- Credit card and checking account/routing number encryption on our system
- Annual on-site third party assessment of Penn Credit's computer network
- Annual third party penetration testing: web, internal & external

System Password Controls

- Users are required to change their password every 12 weeks (approx 90 days)
- Users receive password change notification 3 days before their password expires
- Users are locked out of their account after 5 password attempts
- Due to security reasons, our IT department handles all password resets
- Passwords are deleted within 24 hours of any non-collection personnel terminated or resigning their position
- Passwords are deleted within 8 hours of any collection personnel terminated or resigning their position
- Penn Credit does not employ the use of any generic logins

Continuation and Data Recovery

Our Disaster Recovery Plan is documented, along with team assignments, job descriptions, and a recovery checklist. It is tested annually to ensure the success of our disaster procedures and to monitor downtime and recovery. A copy of this plan is available upon request.

The Penn Credit Disaster Recovery Plan addresses site damage that affects batch processing and tracking, on-line processing or communications for an extended period due to fire, sabotage or weather-related damage. If the main office is destroyed, Penn Credit has branch offices, and an off-site computer system can take the place of the current system if necessary. Our branch offices can be used for all clerical duties and collection efforts.

Penn Credit employs two different types of backups to ensure 100% data recovery.

- Encrypted Online Backup – A daily online backup is performed on all Penn Credit systems. This online backup is stored in the Penn Credit Disaster Recovery site.
- Encrypted Tape Backup – A daily tape backup is performed on all Penn Credit systems. This backup is taken to a separate secure offsite location.

Further, Penn Credit has contracted with Agility Recovery Solutions™ to provide fast response disaster solutions such as; power generators, call center facilities, and telecom/computer infrastructure to supplement our current disaster recovery plan.

PennCredit

Required Reports and Additional Attachments

From: EReports@penncredit.com
To: Client's Email Address
Subject: P8888 - New Business Acknowledgement from Penn Credit

Penn Credit Corporation
New Business Acknowledgement Summary

** Acknowledgement with thanks **
This assignment is accepted under our usual terms and conditions that we have with you. Please notify this agency without delay of any payment made to you by the debtor or any contact that the debtor has with you.

Report Date: MM/DD/YYYY
Client #: P8888
Client Name: Water Company
of Accounts: ###,###
Total Dollars: \$\$\$\$\$\$

Penn Credit Corporation New Business Acknowledgement Report

Report Date: MM/DD/YYYY
Created for: *Client Name*

This assignment is accepted under our usual terms and conditions that we have with you. Please notify this agency without delay of any payment made to you by the debtor or any contact that the

| Account # | Name | Address | City,State,Zip | Placed Date | Service Date | Balance |
|---------------------|-------------|---------------------|--------------------|-------------|--------------|--------------------------------|
| ##### | Smith, John | 123 Walnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$1,500.00 |
| ##### | Smith, Jane | 123 Main Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$500.00 |
| ##### | Smith, John | 165 Elm Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$650.00 |
| ##### | Smith, Jane | 124 Chestnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$750.00 |
| ##### | Smith, John | 124 Walnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$625.00 |
| ##### | Smith, Jane | 124 Main Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$435.00 |
| ##### | Smith, John | 170 Elm Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$498.00 |
| ##### | Smith, Jane | 130 Chestnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$1,275.00 |
| ##### | Smith, John | 135 Walnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$1,450.00 |
| ##### | Smith, Jane | 128 Main Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$650.00 |
| ##### | Smith, John | 167 Elm Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$975.00 |
| ##### | Smith, Jane | 145 Chestnut Street | Anytown, USA 11111 | MM/DD/YYYY | MM/DD/YYYY | \$1,950.00 |
| Report Total | | | | | | 12 Accounts \$11,258.00 |

Penn Credit Corporation
 916 South 14th Street
 Harrisburg, PA 17104

CLIENT PAYMENT ANALYSIS SUMMARY

| MONTH/ YEAR | # REF | AMOUNT REFERRED | PLACEMENT | COLLECTIONS MONTHLY | #PIF | AMOUNT PAID-IN-FULL | #CAN | AMOUNT CANCELLED | #CRQ | AMOUNT CANCELLED | TOT DOLLARS COLLECTABLE | LIQ% |
|----------------|-------|--------------------|-----------|------------------------|------|------------------------|------|---------------------|------|---------------------|----------------------------|-------|
| MM/YYYY | 913 | 322622.43 | 65665.66 | 46995.46 | 254 | 54761.51 | 0 | .00 | 8 | 5138.93 | 312318.58 | 21.03 |
| MM/YYYY | 732 | 268515.66 | 59915.52 | 33589.50 | 201 | 51017.74 | 0 | .00 | 1 | 442.96 | 265627.53 | 22.56 |
| MM/YYYY | 853 | 329122.19 | 56779.71 | 58807.62 | 213 | 52681.71 | 0 | .00 | 7 | 1850.45 | 325620.35 | 17.44 |
| MM/YYYY | 786 | 335024.96 | 92276.18 | 38100.02 | 209 | 82236.97 | 0 | .00 | 5 | 1224.93 | 332254.02 | 27.77 |
| MM/YYYY | 1065 | 481137.93 | 87414.41 | 39462.42 | 271 | 74585.23 | 0 | .00 | 1 | 147.07 | 473651.90 | 18.46 |
| MM/YYYY | 838 | 358824.47 | 63866.94 | 85901.38 | 198 | 53707.72 | 0 | .00 | 1 | 1502.10 | 356341.42 | 17.92 |
| MM/YYYY | 1060 | 453847.79 | 69830.25 | 61917.29 | 217 | 59829.32 | 0 | .00 | 2 | 829.66 | 451366.77 | 15.47 |
| MM/YYYY | 690 | 249758.86 | 40141.97 | 52239.13 | 133 | 32644.84 | 0 | .00 | 3 | 764.46 | 247324.42 | 16.23 |
| MM/YYYY | 482 | 181555.51 | 41632.89 | 35822.04 | 86 | 39093.15 | 0 | .00 | 1 | 134.29 | 180414.02 | 23.08 |
| MM/YYYY | 828 | 418974.30 | 51679.77 | 40248.87 | 142 | 45398.31 | 0 | .00 | 2 | 374.86 | 417295.82 | 12.38 |
| MM/YYYY | 620 | 270207.91 | 40732.54 | 37298.84 | 131 | 34614.25 | 0 | .00 | 2 | 1113.65 | 268479.69 | 15.17 |
| MM/YYYY | 633 | 310546.76 | 95798.78 | 95733.18 | 136 | 86061.43 | 0 | .00 | 1 | 115.94 | 310430.82 | 30.86 |
| <hr/> | | | | | | | | | | | | |
| Total | 9500 | 3980138.77 | 765734.62 | 626115.75 | 2191 | 666632.18 | 0 | .00 | 34 | 13639.30 | 3941125.34 | 19.43 |

Penn Credit Corporation
 916 South 14th Street
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Statement of Collection

Frequency: Monthly Statement Dates: MM/DD/YYYY to MM/DD/YYYY Statement Type: Gross

Pay Codes: A=Agency Pmt / B=Agency NSF / M=Client Pmt / D=Client NSF / R=Agency Reversal / X=Client Reversal

| Account Number | Name | Date Placed | Date Collected | Paid Client | Paid Agency | Pay Comm | Code | Due Agency | Due Client | Remaining Balance |
|----------------|------------|-------------|----------------|-------------|-------------|----------|--------|------------|------------|-------------------|
| ##### | John Smith | MM/DD/YY | MM/DD/YY | 100.00 | 25.0% | A | 25.00 | 75.00 | 400.00 | |
| ##### | Jane Smith | MM/DD/YY | MM/DD/YY | 200.00 | 25.0% | A | 50.00 | 150.00 | 00.00 | |
| ##### | John Smith | MM/DD/YY | MM/DD/YY | 50.00 | 25.0% | A | 12.50 | 37.50 | 50.00 | |
| ##### | Jane Smith | MM/DD/YY | MM/DD/YY | 300.00- | 25.0% | B | 75.00- | 225.00- | 300.00 | |
| ##### | Jane Smith | MM/DD/YY | MM/DD/YY | 450.00 | 25.0% | M | 112.50 | 337.50 | 350.00 | |
| ##### | John Smith | MM/DD/YY | MM/DD/YY | 150.00 | 25.0% | M | 37.50 | 112.50 | 00.00 | |
| ##### | Jane Smith | MM/DD/YY | MM/DD/YY | 100.00 | 25.0% | M | 25.00 | 75.00 | 500.00 | |
| ##### | John Smith | MM/DD/YY | MM/DD/YY | 75.00 | 25.0% | M | 18.75 | 56.25 | 00.00 | |
| ##### | John Smith | MM/DD/YY | MM/DD/YY | 300.00- | 25.0% | D | 75.00- | 225.00- | 800.00 | |
| ##### | Jane Smith | MM/DD/YY | MM/DD/YY | 950.00 | 25.0% | A | 237.50 | 712.50 | 00.00 | |

SETTLED IN FULL

Client Totals: \$475.00 \$1000.00 \$368.75 \$1106.25

** Total Collections ** \$1475.00
 Our Gross Check to you = \$1000.00
 You Owe Us \$368.75

Penn Credit Corporation
 916 South 14th Street
 Harrisburg, PA 17104

CLIENT SPINDOWN ANALYSIS REPORT

| PLACED COUNT | AMOUNT REF | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
|-----------------|---------------|--------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|
| MM/YYYY | 722 | 208441 | 3446.42 1.65% | 5219.75 2.50% | 8131.25 3.90% | 4657.55 2.23% | 4425.13 2.12% | 1345.06 .65% | 2552.21 1.22% | 3500.85 1.68% | 1575.37 .76% | 1018.78 .49% | 1354.34 .65% | 2287.14 1.10% |
| MM/YYYY | 871 | 233314 | 3372.41 1.47% | 9610.07 4.18% | 5372.05 2.33% | 2984.92 1.30% | 4129.50 1.79% | 530.00 .23% | 4729.55 2.06% | 1503.03 .65% | 4516.45 1.96% | 857.55 .37% | 1215.72 .53% | |
| MM/YYYY | 691 | 216556 | 2043.96 .94% | 3436.22 1.59% | 1839.15 .85% | 5129.16 2.37% | 3218.32 1.49% | 699.90 .32% | 5653.93 2.61% | 4553.40 2.10% | 2252.89 1.04% | 1364.30 .63% | | |
| MM/YYYY | 1062 | 279376 | 4753.37 1.70% | 6639.03 2.38% | 6847.56 2.45% | 5992.90 2.15% | 2318.88 .83% | 3590.46 1.29% | 4523.74 1.62% | 2833.45 1.01% | 3492.20 1.25% | | | |
| MM/YYYY | 858 | 233505 | 2422.75 1.04% | 9506.78 4.07% | 3218.32 1.38% | 2547.89 1.09% | 3055.97 1.31% | 1871.89 .80% | 6449.16 2.76% | 1997.11 .86% | | | | |
| MM/YYYY | 818 | 242596 | 3038.39 1.25% | 3086.95 1.27% | 4614.49 1.90% | 3130.65 1.29% | 4798.74 1.98% | 5934.41 2.45% | 2012.88 .83% | | | | | |
| MM/YYYY | 979 | 302390 | 4445.37 1.47% | 6768.67 2.24% | 7432.33 2.46% | 8724.32 2.89% | 7856.74 2.60% | 4687.05 1.55% | | | | | | |
| MM/YYYY | 828 | 248925 | 2411.65 .97% | 6813.38 2.74% | 10500.96 4.22% | 4019.35 1.61% | 5102.96 2.05% | | | | | | | |
| MM/YYYY | 741 | 237580 | 4095.71 1.72% | 6668.33 2.81% | 5285.70 2.22% | 3533.53 1.49% | | | | | | | | |
| MM/YYYY | 763 | 269301 | 3547.95 1.32% | 8734.24 3.24% | 5278.30 1.96% | | | | | | | | | |
| MM/YYYY | 613 | 208855 | 3592.31 1.72% | 4678.35 2.24% | | | | | | | | | | |
| MM/YYYY | 379 | 104658 | 1726.86 1.65% | | | | | | | | | | | |

Penn Credit Corporation
Cancellation Report

Report Date: MM/DD/YYYY
Created for: *Client Name*

| Account # | Name | Placed Date | Service Date | Balance | Return Date | Return Reason | BKR Docket# | BKR Date Filed | DEC Date |
|---------------------|-------------|-------------|--------------|------------|--------------------|--------------------|-------------|----------------|------------|
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$1,500.00 | MM/DD/YYYY | PAID IN FULL | | | MM/DD/YYYY |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$500.00 | MM/DD/YYYY | DECEASED | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$650.00 | MM/DD/YYYY | PER CLIENT REQUEST | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$750.00 | MM/DD/YYYY | UNCOLLECTIBLE | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$625.00 | MM/DD/YYYY | BANKRUPTCY | ##### | MM/DD/YYYY | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$435.00 | MM/DD/YYYY | PAID IN FULL | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$498.00 | MM/DD/YYYY | PAID IN FULL | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$1,275.00 | MM/DD/YYYY | PER CLIENT REQUEST | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$1,450.00 | MM/DD/YYYY | UNCOLLECTIBLE | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$650.00 | MM/DD/YYYY | BANKRUPTCY | ##### | MM/DD/YYYY | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$975.00 | MM/DD/YYYY | PAID IN FULL | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$1,950.00 | MM/DD/YYYY | PAID IN FULL | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$498.00 | MM/DD/YYYY | PER CLIENT REQUEST | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$1,275.00 | MM/DD/YYYY | UNCOLLECTIBLE | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$1,450.00 | MM/DD/YYYY | PAID IN FULL | | | MM/DD/YYYY |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$650.00 | MM/DD/YYYY | DECEASED | | | |
| ##### | Smith, Jane | MM/DD/YYYY | MM/DD/YYYY | \$975.00 | MM/DD/YYYY | UNCOLLECTIBLE | | | |
| ##### | Smith, John | MM/DD/YYYY | MM/DD/YYYY | \$1,950.00 | MM/DD/YYYY | PAID IN FULL | | | |
| Report Total | | | | 18 | \$18,056.00 | | | | |

PennCredit

PennCredit

Hours: Mon-Thur 8am-10pm EST
Fri 8am-5pm EST
Sat 8am-12pm EST
Phone: 800-900-1382

NOTICE OF COLLECTION

MM/DD/YYYY

CLIENT: [Client Name]
ID NUMBER: [Account Number]
TOTAL BALANCE DUE: [###.##]



Our client has referred your delinquent account(s) referenced below for collection. Our client is serious about collecting all monies owed them and I am sure your intentions are to honor your debt. Send payment using the enclosed envelope or you may go online to <http://account.penncredit.com> make payment or contact our office to pay over the phone. Contact our office if you are unable to pay the amount due.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days from receiving this notice that you dispute the validity of this debt or any portion thereof, this office will obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this office in writing within 30 days after receiving this notice this office will provide you with the name and address of the original creditor, if different from the current creditor.

This is an attempt to collect a debt by a debt collector and any information obtained will be used for that purpose. The important rights included above apply to each account individually and you have the right to dispute any or all of the accounts included in this notice. In the event you choose to exercise your important rights included above please indicate which account(s) you are disputing.

| SERVICE RENDERED | SERVICE DATE | ACCOUNT NUMBER | BALANCE |
|------------------|--------------|------------------|------------|
| | MM/DD/YYYY | [Account Number] | [\$###.##] |



DETACH AND RETURN WITH PAYMENT TO EXPEDITE CREDIT TO YOUR ACCOUNT

P.O. Box 1259, Department 91047
Oaks, PA 17456

CHANGE SERVICE REQUESTED



| IF PAYING BY VISA, MASTERCARD OR DISCOVER, FILL OUT BELOW | | | |
|---|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD | <input type="checkbox"/> DISCOVER | |
| CARD NUMBER | EXP. DATE | | |
| SIGNATURE | | AMOUNT | |

Visit <http://account.penncredit.com> to pay your bill online.

Payments received by check will be electronically deposited, unless you pay by non-consumer type check. You may opt out of this program by paying with a money order or a travelers check. In the unlikely event your check (payment) is returned unpaid, we may elect to electronically (or by paper draft) re-present your check (payment) up to two more times. You also understand and agree that we may collect a return processing charge by the same means, in an amount not to exceed that as permitted by state law.

91203 - 1

#BWNJHBY
#9042727300351540#
[Debtor Name]
[Address Line One]
[Address Line Two]



ID NUMBER: C0206277

PENN CREDIT
916 S 14th ST
PO BOX 988
HARRISBURG PA 17108-0988



91203-NEW-1



Hours: Mon-Thur 8am-10pm EST
Fri 8am-5pm EST
Sat 8am-12pm EST
Phone: 800-900-1381

MM/DD/YYYY

CLIENT: [Client Name]
ID NUMBER: [Account Number]
TOTAL BALANCE DUE: [###.##]



REQUEST FOR PAYMENT

Failure to contact our office leads us to believe that you do not have intentions of resolving your just debt.

If you are unable to pay in full, settlements and/or payment arrangements may be available. We will do our best to work with you.

Please contact our office today, or go online to account.penncredit.com or send payment in full in the enclosed envelope.

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose.

| SERVICE RENDERED | SERVICE DATE | ACCOUNT NUMBER | BALANCE |
|------------------|--------------|------------------|-----------|
| | MM/DD/YYYY | [Account Number] | [\$##.##] |



DETACH AND RETURN WITH PAYMENT TO EXPEDITE CREDIT TO YOUR ACCOUNT

P.O. Box 1257, Department 91047
Oaks, PA 17456
CHANGE SERVICE REQUESTED



| IF PAYING BY VISA, MASTERCARD OR DISCOVER, FILL OUT BELOW | |
|---|-------------------------------------|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD |
| <input type="checkbox"/> DISCOVER | |
| CARD NUMBER | EXP. DATE |
| SIGNATURE | AMOUNT |

Visit <http://account.penncredit.com> to pay your bill online.

Payments received by check will be electronically deposited, unless you pay by non-consumer type check. You may opt out of this program by paying with a money order or a travelers check. In the unlikely event your check (payment) is returned unpaid, we may elect to electronically (or by paper draft) re-present your check (payment) up to two more times. You also understand and agree that we may collect a return processing charge by the same means, in an amount not to exceed that as permitted by state law.

91203 - 2213

#BWNJHBY
#9042702420717870#
[Debtor Name]
[Address Line One]
[Address Line Two]



ID NUMBER: C0461002

PENN CREDIT
916 S 14th ST
PO BOX 988
HARRISBURG PA 17108-0988



91203-AD2PC-2213

PennCredit

PennCredit

Hours: Mon-Thur 8am-10pm EST
Fri 8am-5pm EST
Sat 8am-12pm EST
Phone: 800-900-1368

MM/DD/YYYY

CLIENT: [Client Name]
ID NUMBER: [Account Number]
TOTAL BALANCE DUE: [####.##]



PROMISE TO PAY

Please pay as promised. If you pay as agreed, there will be no need to contact you again regarding this matter.

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose.

| SERVICE RENDERED | SERVICE DATE | ACCOUNT NUMBER | BALANCE |
|------------------|--------------|------------------|-----------|
| | MM/DD/YYYY | [Account Number] | [####.##] |



DETACH AND RETURN WITH PAYMENT TO EXPEDITE CREDIT TO YOUR ACCOUNT

P.O. Box 1259, Department 91047
Oaks, PA 17456

CHANGE SERVICE REQUESTED



| IF PAYING BY VISA, MASTERCARD OR DISCOVER, FILL OUT BELOW | | | |
|---|-------------------------------------|-----------------------------------|-----------|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD | <input type="checkbox"/> DISCOVER | EXP. DATE |
| CARD NUMBER | | SIGNATURE | |
| AMOUNT | | AMOUNT | |

Visit <http://account.penncredit.com> to pay your bill online.

Payments received by check will be electronically deposited, unless you pay by non-consumer type check. You may opt out of this program by paying with a money order or a travelers check. In the unlikely event your check (payment) is returned unpaid, we may elect to electronically (or by paper draft) re-present your check (payment) up to two more times. You also understand and agree that we may collect a return processing charge by the same means, in an amount not to exceed that as permitted by state law.

91203 - 95

#BWNJHBY
#9042732812996529#
[Debtor Name]
[Address Line One]
[Address Line Two]



ID NUMBER: C9860674

PENN CREDIT
916 S 14th ST
PO BOX 988
HARRISBURG PA 17108-0988



91203-CPPPC-95

PennCredit

PennCredit

Hours: Mon-Thur 8am-10pm EST
Fri 8am-5pm EST
Sat 8am-12pm EST
Phone: 800-900-1368

MM/DD/YYYY

CLIENT: [Client Name]
ID NUMBER: [Account Number]
TOTAL BALANCE DUE: [###.##]



BROKEN PROMISE

You have not made your payment as promised. It is important that you either make payment or contact our office today.

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose.

| SERVICE RENDERED | SERVICE DATE | ACCOUNT NUMBER | BALANCE |
|------------------|--------------|------------------|------------|
| | MM/DD/YYYY | [Account Number] | [\$###.##] |



DETACH AND RETURN WITH PAYMENT TO EXPEDITE CREDIT TO YOUR ACCOUNT

P.O. Box 1259, Department 91047
Oaks, PA 17456
CHANGE SERVICE REQUESTED



| IF PAYING BY VISA, MASTERCARD OR DISCOVER, FILL OUT BELOW | | | |
|---|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD | <input type="checkbox"/> DISCOVER | |
| CARD NUMBER | | EXP. DATE | |
| SIGNATURE | | AMOUNT | |

Visit <http://account.penncredit.com> to pay your bill online.

Payments received by check will be electronically deposited, unless you pay by non-consumer type check. You may opt out of this program by paying with a money order or a travelers check. In the unlikely event your check (payment) is returned unpaid, we may elect to electronically (or by paper draft) re-present your check (payment) up to two more times. You also understand and agree that we may collect a return processing charge by the same means, in an amount not to exceed that as permitted by state law.

91203 - 94

#BWNJHBY
#9042732612990084#
[Debtor Name]
[Address Line One]
[Address Line Two]



ID NUMBER: C0314108

PENN CREDIT
916 S 14th ST
PO BOX 988
HARRISBURG PA 17108-0988



91203-CBPPA-94

PennCredit

PennCredit

Hours: Mon-Thur 8am-10pm EST
Fri 8am-5pm EST
Sat 8am-12pm EST
Phone: 800-900-1362

MM/DD/YYYY

CLIENT: [Client Name]
ID NUMBER: [Account Number]
TOTAL BALANCE DUE: [####.##]



STATEMENT OF YOUR ACCOUNT(S)

Please continue to make your monthly payments. If you wish to automate your payments please contact our office or go online at account.penncredit.com.

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose.

| SERVICE RENDERED | SERVICE DATE | ACCOUNT NUMBER | BALANCE |
|------------------|--------------|------------------|------------|
| | MM/DD/YYYY | [Account Number] | [\$###.##] |



DETACH AND RETURN WITH PAYMENT TO EXPEDITE CREDIT TO YOUR ACCOUNT

P.O. Box 1259, Department 91047
Oaks, PA 17456
CHANGE SERVICE REQUESTED



| IF PAYING BY VISA, MASTERCARD OR DISCOVER, FILL OUT BELOW | |
|---|-------------------------------------|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD |
| <input type="checkbox"/> DISCOVER | |
| CARD NUMBER | EXP. DATE |
| SIGNATURE | AMOUNT |

Visit <http://account.penncredit.com> to pay your bill online.

Payments received by check will be electronically deposited, unless you pay by non-consumer type check. You may opt out of this program by paying with a money order or a travelers check. In the unlikely event your check (payment) is returned unpaid, we may elect to electronically (or by paper draft) re-present your check (payment) up to two more times. You also understand and agree that we may collect a return processing charge by the same means, in an amount not to exceed that as permitted by state law.

ID NUMBER: E0358372

81203 - 2

#BWNJHBY
#9042704924118282#
[Debtor Name]
[Address Line One]
[Address Line Two]



PENN CREDIT
916 S 14th ST
PO BOX 988
HARRISBURG PA 17108-0988



91203-STMPC-2



City of Fort Lauderdale • Procurement Services Department
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

ADDENDUM NO. 1

RFP 525-10821
Delinquent Parking Citation Collection Services

ISSUED September 1, 2011

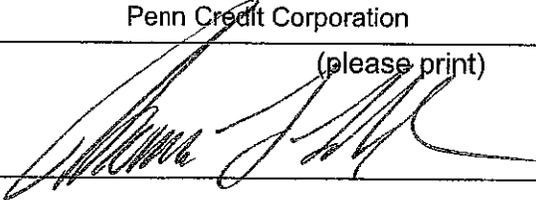
This addendum is being issued to make the following changes:

1. Proposers are required to provide an SSAE 16, SOC 2, Type I report with their proposal.
2. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually.

All other terms, conditions, and specifications remain unchanged.

AnnDebra Díaz, CPPB
Procurement Services Department

Company
Name: Penn Credit Corporation
(please print)

Bidder's
Signature: 

Date: 9/29/2011



ADDENDUM NO. 2

RFP 525-10821
Delinquent Parking Citation Collection Services

ISSUED September 16, 2011

This addendum is being issued to make the following changes:

1. This addendum supersedes Addendum No. 1 dated September 1, 2011.
2. Proposers are required to provide a current SAS70 report with their proposal. Proposals submitted without this report will be deemed non-responsive.
3. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually.
4. Part V – Proposal Evaluation Criteria has been revised as follows:

The award of the contract will be based on certain objective and subjective considerations listed below:

Lowest Percent Collection Fee for total amount collected.
(The lowest cost to the City, or its customers,
shall receive maximum points)

| | |
|-----------------------|----|
| Percentage commission | 30 |
|-----------------------|----|

TOTAL OF 30 POINTS

Proposer demonstrated experience, qualifications,
and past performance, rate of account collections.
This includes: ability to meet the RFP requirements,
facilities, customer, financial and business references.
(including Better Business Bureau, Chamber of
Commerce & State's Attorneys' Office).

| | |
|-------------------------------------|----|
| Past performance and qualifications | 10 |
| Financial ability | 10 |
| Financial and Client References | 10 |

TOTAL OF 30 POINTS



City of Fort Lauderdale • Procurement Services Department
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

Proposed methods utilized for delinquent account collections,
and resources available for collection of City accounts,
reporting of account activity.

| | |
|--|----|
| Scope of collection activities proposed | 15 |
| Demonstration of adequate organizational and technology resources | 10 |
| Adequacy of account activity reporting | 15 |

TOTAL OF 40 POINTS

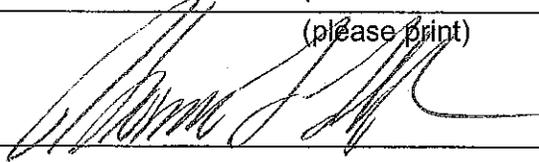
MAXIMUM TOTAL POINTS 100

5. The proposal due date has been changed. The new due date is
Friday, September 30, 2011 (prior to 2:00 PM EST)

All other terms, conditions, and specifications remain unchanged.

AnnDebra Diaz, CPPB
Procurement Services Department

Company
Name: Penn Credit Corporation
(please print)

Bidder's
Signature: 

Date: 9/29/2011

