

ORIGINAL
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FROM FILE

THIS AGREEMENT, made and entered into this 15th day of June, 2010, is 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 Gila Corporation, a Texas corporation authorized to transact business in the State of Florida and doing business in the State of Florida as Municipal Services Bureau, ("Contractor"), whose address and phone are 6505 Airport Blvd., Suite 100, Austin, TX 78752, Phone: 512-323-4231, Fax: 866-283-6484.

WHEREAS, the City issued Request for Proposal 105-10457 ("RFP"), and the Contractor submitted a bid in response to the RFP; and

WHEREAS, on June 15, 2010, the City Commission of the City of Fort Lauderdale approved an agreement with Contractor for the goods or services described in the RFP (Pur09, CAR No. 10-0817);

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:

1. The Contractor agrees to provide to the City primary delinquent account collection services in accordance with and in strict compliance with the specifications, terms, conditions, and requirements set forth in the RFP and any and all addenda thereto beginning August 1, 2010, and ending July 31, 2013.

2. This contract form G-110 Rev. 01/10, the RFP, any and all addenda to the RFP and the Contractor's response thereto, and the Contractor's proposal in response to the RFP are integral parts of this Contract, and are incorporated herein.

3. In the event of conflict between or among the contract documents, the order of priority shall be as follows:

First, this contract form, G-110 Rev. 01/10;

Second, any and all addenda to the City's RFP in reverse chronological order;

Third, the RFP;

Fourth, the Contractor's response to any addendum requiring a response;

Fifth, the Contractor's response to the RFP.

4. The Company warrants that the goods and services supplied to the City pursuant to this Contract shall at all times fully conform to the specifications set forth in the RFP and be of the highest quality. In the event the City, in the City's sole discretion, determines that any product or service supplied pursuant to this Contract is defective or does not conform to the specifications set forth in the RFP the City reserves the right unilaterally to cancel an order or cancel this Contract upon written notice to the Contractor, and reduce commensurately any amount of money due the Contractor.

5. The City may cancel this Contract upon written notice to the Contractor in the event the Contractor fails to furnish the goods or perform the services as described in the RFP within 30 days following written notice to the Contractor.

6. The Contractor shall not present any invoice to the City that includes sales tax (85-8012514506C-7) or federal excise tax (59-6000319).

7. Contractor shall direct all invoices in duplicate for payment to Finance Department, City of Fort Lauderdale, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. Any applicable discount MUST appear on the invoice.

8. Subsection 1.h. of Part IV of the RFP is deleted.

9. The first sentence of Question Number 17 of Part VII of the RFP is restated as follows: "At the end of the contract period, the successful proposer will be required to transfer all uncollected accounts back to the City, at no cost to the City."

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

CITY OF FORT LAUDERDALE

By: [Signature]
Director of Procurement Services

Approved as to form:

[Signature]
Senior Assistant City Attorney

ATTEST

By: [Signature]
Print Name: Michael E. Epstein
Title: CEO

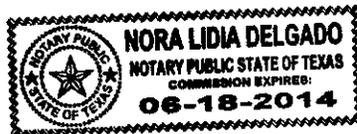
CONTRACTOR

By: [Signature]
Print Name: Bruce Cummings
(If not president of corporation please attach proof of authorization)

STATE OF TEXAS
COUNTY OF TRAVIS

The foregoing instrument was acknowledged before me this 16th day of August, 2010, by BRUCE CUMMINGS as (title): CEO for Gila Corporation, a Texas corporation authorized to transact business in the State of Florida, doing business in Florida as Municipal Services Bureau.

(SEAL)



[Signature]
Notary Public, State of TEXAS
(Signature of Notary Public)

Nora L Delgado
(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally Known OR Produced Identification

Type of Identification Produced TRDL

Proposal for The City of Fort Lauderdale

CONTRACT
COPY



City of Fort Lauderdale, Florida

"Venice of America"

RFP No. 105-10457: *Delinquent Account Collection Services*



GOVERNMENT SERVICES

Copy

Submitted By:
MSB
Bruce Cummings, CEO
(512) 323-4231
(866) 283-6484 fax
Bruce.Cummings@GilaCorp.com
www.MuniServ.com

Due: May 11, 2010 2:00 PM



GOVERNMENT SERVICES

May 7, 2010

www.MuniServ.com

6505 AIRPORT BLVD

SUITE 100

AUSTIN TEXAS

78752

800.568.7004

512.371.9995

Fax 512.371.9994

Mr. Michael Walker, CPPB, A.P.P.
City of Fort Lauderdale
Procurement Services Department
Room 619, 6th Floor, City Hall
100 North Andrews Avenue
Fort Lauderdale, FL 33301

Dear Mr. Walker:

Thank you for the opportunity to submit our response to the City of Fort Lauderdale's (City) Request for Proposal (RFP) for *Delinquent Account Collection Services*. We look forward to establishing a mutually beneficial business relationship with you and your colleagues.

Gila Corporation d/b/a Municipal Services Bureau (MSB) has similar contractual relationships with more than 550 government agencies. Our nineteen years in business are a testament to the quality of our work and the above average results we achieve.

We are uniquely qualified to assist in this endeavor because:

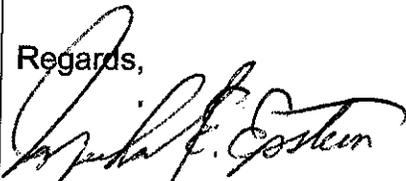
- **MSB has the required *professional qualifications and government references***, as we've been providing high quality, cost effective collection services since 1991;
- MSB agrees to **provide all requested services as outlined in the RFP, subject to the terms and conditions set forth in the RFP in a timely and efficient manner**;
- MSB has the **required financial stability, the proven project management methodology and overall work plan** to deliver quantifiable value to the City;
- MSB follows **stringent procedures to insure the security of all client account information**, including performing **detailed background screening for all MSB employees**;
- MSB's **highly automated, technologically advanced collection solutions** allow you to send referral, payment and change information electronically;
- MSB **records all inbound and outbound calls, and maintains a Quality Assurance Department** to monitor telephone techniques and provide ongoing coaching; and
- MSB is a **member of the Association of Credit and Collection Professionals (ACA International) and is certified as a Professional Practices Management System agency**. Less than 1% of all collection agencies have this quality certification.

In addition, we are prepared to:

- Be available to meet with the administration upon request for the duration of our relationship;
- Ensure that every citizen will be dealt with in a professional, courteous manner;
- Provide a full-time client services representative will be assigned your account and be available to address day-to-day issue; and
- Continue efforts to resolve individual accounts for as long as we have the account.

We believe the unique features mentioned throughout this proposal will lead you to partner with our company. As the authorized representative, please do not hesitate to call if I can be of further service to you or your colleagues.

Regards,



Michael E. Epstein

CFO

(512) 323-4324, Direct

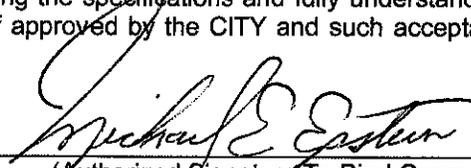
(866) 283-6484, Fax

Michael.Epstein@GilaCorp.com

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: It is preferred that bids/proposals be submitted by hard copy at www.bidsync.com, unless otherwise stated in the bid packet. If mailing a hard copy, 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.

Submitted by:  5/7/2010
(Authorized Signature To Bind Company) (date)

Name (printed) Michael E. Epstein Title: CFO

Company: (Legal Registration) Gila Corporation d/b/a Municipal Services Bureau (MSB)

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/doc/>).

Address: 6505 Airport Blvd. Suite 100

City Austin State: TX Zip 78752

Telephone No. (512) 323-4231 FAX No. (866) 283-6484

E-MAIL: bruce.cummings@gilacorp.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): 30 days

Payment Terms (section 1.03): 30 days Total Bid Discount (section 1.04): N/A

Does your firm qualify for MBE or WBE status (section 1.08): MBE _____ WBE _____ N/A

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

Addendum No. 1 Date Issued April 22, 2010

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.**

Variations: N/A

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.

<u>NAME</u>	<u>RELATIONSHIPS</u>
N/A	
_____	_____
_____	_____
_____	_____
_____	_____

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.

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Exhibit Section

- Exhibit A – Insurance Certificate**
- Exhibit B – Florida Collection License**
- Exhibit C – Resumes**
- Exhibit D – Audited Financials***
- Exhibit E – SAS 70 Report***
- Exhibit F – Organization Section**
- Exhibit G – Management Report Section**
- Exhibit H – Other Standards Used Section**

***Proprietary and Confidential.**

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EVALUATION CRITERIA

In an effort to facilitate scoring, Gila Corporation d/b/a Municipal Services Bureau (MSB) has provided a breakdown of key data included in the City of Fort Lauderdale's (City) Request for Proposal (RFP). Each respective section expands upon the information we have provided below.

In summary, MSB is:

- Your **Best Choice** based upon the City's criteria;
- An established, **proven government collection provider** for nineteen years;
- Offering a **highly competitive fee**; and
- A professional PPMSTM certified collection agency, whose sole purpose is to provide **collection services for governmental agencies nationwide**.

Criteria highlights are as follows:

Collection Fee – 40 Points

- **Highly competitive fee structure**
- **Contingency fee pricing**
- **No up-front costs**
- **MSB offers the only START-UP GUARANTEE in the industry - We will rebate 10% of our commissions earned during the first 100 days from contract execution.**

Experience/Qualifications/Past Performance – 30 Points

- **MSB has unique expertise because we specialize in government collection services.**
- **Contract with more than 550 entities nationwide**
- **Collection success with other clients documented in our proposal**
- **Higher collection results than our competitors documented in our proposal**
- **Experience collecting for clients with the same type and volume of accounts**

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- State contracts with Arizona, California, Connecticut, Hawaii, Kansas, Minnesota, Nevada, New Mexico, Ohio, Oregon, Texas & Wisconsin
- Provided references and testimonials from satisfied clients
- Extensive client list provided in the exhibit section
- Active Member of the Association of Credit and Collection Professionals (ACA International), maintaining the highest ethical standards; No complaints
- Received the "Fast 50" Award from the Austin Business Journal (50 Fastest Growing Private Companies in Central Texas) Seven Years Running
- Recognized as one of the top 5000 fastest growing private companies in America. Each year Inc. Magazine compiles a list of the fastest growing private companies in the US. This year, MSB made it well within the 5000 mark as it closed in the top 3000 fastest growing companies.
- Received an "A+" Rating from the Better Business Bureau (BBB), indicating the BBB's highest level of confidence that MSB operates in a trustworthy manner and will make all good faith efforts to resolve customer concerns
- Named a BBB Accredited Business
- Honored as one of the Top 7 Collection Technology firms in the nation by *CollectionTechnology.net*
- Named one of the top 25 "*Best Places to Work in Collections,*" by *insideARM.com* and Best Companies Group
- Received the Collection Technology Excellence Award in 2009
- The Company's Revenue Increased approximately 339% from 2002 to December 2009

Proposed Methods and Resources – 30 Points

- **Highly ethical collection practices:**
 - Compliant with all collection laws and regulations
 - Follow a strict Code of Ethics
 - Member of ACA Government Services Program
 - No State, Federal, or International Regulation Violations
 - Equal Opportunity Employer
- Predictive dialer technology and letter notification tool
- Attempt to contact debtor 16 times at a minimum in the first 90 days

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- **Extended evening and weekend hours**
- **Toll free telephone number for debtors**
- **Time tested, proven letter series**
- **Bi-lingual printed notices**
- **IVR telephone system records all inbound and outbound calls**
- **Multiple Payment Options: Web based payment, credit/debit card payment via phone, electronic check-by-phone, Money Gram and mailed payments**
- **Local, regional and national skip tracing services**
- **Credit Bureau reporting to Equifax, TransUnion and Experian**
- **Licensed to collect in Florida and throughout the United States**
- **Continuing, on-the-job training and quality monitoring for all employees by management**
- **In 2008 alone, employees completed more than 16,000 combined hours of training**
- **eVerify Employer**
- **Background checks and fingerprinting for all employees**
- **Confidentiality Agreement signed by all employees**
- **Multilingual collection staff (>60% of employees)**
- **Collectors trained specifically to collect municipal debt accounts**
- **Providing a primary, dedicated Client Services Representative as well as additional backup representatives**
- **Certified IT personnel with outstanding credentials including:**
 - **Masters of Science, Management Information Systems**
 - **Microsoft Certified System Engineer (MCSE)**
- **On-line, real time access to accounts through the Navigate system**
- **Ability to electronically send referral, payment and rescission information through secure FTP**
- **Comprehensive Disaster Recovery Plan in place, including the Agility partnered solution, providing a fully operational collection center within 48 hours of a disaster**
- **Customized Collection Software**
- **Customized and ad hoc reporting available**
- **Time tested, proven report methodology**
- **Comprehensive data provided detailing MSB's collection progress**
- **Full cooperation with audit inquiries and requests**

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PART VII PROPOSAL SUMMARY / QUESTIONNAIRE

1. Prior Experience: Indicate the number of year(s) experience Proposer has had in providing these services.

MSB has provided our response in the table below:

# Years	Nineteen
# of Years in South Florida	Fourteen

2. Location of Service Facility(ies), if different from address shown in **BID/PROPOSAL SIGNATURE PAGE** above.

MSB successfully services all of our clients from our corporate office in Austin, Texas, the address shown in our signature page. Combining all of our human, technical and financial resources allows us to offer a superior



collection solution to the City. Through the use of a toll-free telephone number, e-mail and daily electronic file transfer, we are able to provide immediate customer service and coordination with the City.

In February of 2004, MSB moved into a true state-of-the-art 20,000 square foot facility, built from the ground up specifically to house a collection agency with modern cubicles for collectors. In

late 2005 we expanded with an 11,000 square foot addition. In June 2007, we completed an extensive build out project including the following improvements:

- Expanded secure payment processing area by 3,000 sq ft.
- Doubled the number of walk-up payment windows and expanded payment lobby area
- Installed an additional 21 cubicles
- Expanded the employee break room

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Recently MSB refreshed 311 computers with Dell Optiplex Small Form Factor workstations and Dell 17" flat panel monitors. In addition to these workstations freeing up desk space for the collectors to work, they also have the capacity to handle the new voice over internet protocol (VOIP) headset and soft phone software.

In September 2007, we replaced twelve miles of cable with white high speed cable to greatly improve our telephone voice quality, overall system performance, internet security and growth stability. In addition to the cable, the entire network has been replaced with state of the art Cisco Products. In February of 2008, MSB added another 34 cubicles and workstations to accommodate continuous growth.

We have upgraded our collection software to better accommodate the continued growth of our already-large database. In 2006, we purchased a new phone system with IVR capabilities which allows MSB to record all calls. With this new telephone system and its unlimited growth potential, we have also upgraded our dialer which has more functionality than our previous dialer.

Recently, MSB has invested over \$2 Million in IT related resources.

3. Is there anything in the RFP specifications that are NOT INCLUDED in your bid?

YES _____ : NO: X

4. Bonding & Liability, Workers' Compensation and Errors and Omissions Coverage:

a. Do you have the required Bonding, Liability, Workers' Compensation and Errors & Omissions coverage's, as required by the RFP?

YES: X NO: _____

Provide copies of both your Bonding, Liability, Workers' Compensation and Errors & Omissions certificates.

Included? YES: X Included as **Exhibit A** of our proposal NO: _____

b. Do you have the required Insurance coverage's, as contained in Part III Special Conditions, Paragraph 13. Insurance Requirements?

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YES: NO:

5. Do you have the required licenses, and/or permits to do business in:
State of Florida? YES: NO:
Broward County? YES: NO: N/A

Please provide copies as an appendix to your proposal response.

Included? YES: Included as **Exhibit B** of our proposal NO:

6. List the names and titles the principals, management and personnel who will be assigned to this contract. Include resumes or summary of experience of these persons as an Appendix to the RFP response.

Key personnel who will be directly involved in the City's collection project include:

Bruce Cummings, Chief Executive Officer & Board Member

Bruce Cummings brings extensive domestic and international experience in startup, development, management and sales for both public and private businesses. Cummings specializes in the high technology, manufacturing and public service fields, and brings more than 25 years of experience in growth and turnaround ventures. He serves as Treasurer to the Texas chapter of ACA International's Board of Directors. Bruce is responsible for the business development cycle of MSB clients. He is an integral part of the implementation process by ensuring client expectations and requirements are conveyed to the Operations Department. He continues to monitor the collection project for total customer satisfaction.

Michael E. Epstein, Chief Financial Officer

Mike previously managed multi-million dollar transactions with Fortune 1000 companies including Chase, Wells Fargo, Met Life and Teachers, as well as structuring an IPO with A.G. He is responsible for overseeing the Finance Department. His responsibilities include budgeting, forecasting and cash management for the company and serves as the compliance officer for our clients. Mike completes a minimum of forty hours of continuing education annually, including audit, tax, consulting and human resources classes.

Domenick F. Riccio, Chief Information Officer & Senior VP, MSB

Dom has nineteen years experience in the Information Technology sector and fifteen in the call center field. He is responsible for overseeing the IT

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Department and ensuring all telephony and computer systems are functioning properly to their full capacity. He ensures the necessary resources are in place to meet the technical needs of our clients. Dom is responsible for the operation of our Municipal Services Bureau (MSB) business unit.

A. Lee Rigby, General Counsel and Senior Vice President of Compliance & Human Resources

Prior to joining Gila Corporation, Lee spent eight years in private practice with Smith | Robertson, LLP in Austin, Texas and Fulbright & Jaworski, LLP in Dallas, Texas. Lee's practice focused on commercial litigation matters involving real property and partnership disputes, derivative partnership litigation, complex litigation involving trade secrets and non-competition agreements, and representation of commercial landlords and tenants in lease disputes and litigation. Lee has tried cases in both state and federal courts and has handled litigation for clients in Texas, California, Arizona, Kansas and Illinois. Lee received his juris doctor degree from Baylor University School of Law and a Bachelor of Arts degree from Clemson University. Lee is active in the Austin community as a member of the Austin Young Men's Business League Board of Directors and as a member of the Seton Forum and the Real Estate Council of Austin.

Jason Schmer, Vice President

Jason graduated with a BS in Mechanical Engineering from the University of Texas. After a career change from semiconductors to software development, he spent seven years designing and developing commercial applications for different industries. After serving as Global IT Director and Operations Manager for two companies, he began working for the company. Jason oversees the Client Management department to ensure all clients' collection projects are implemented timely and accurately and being processed to client's expectations.

Elye Sackmary, Director, Operations- MSB Division

Elye has nine years of call center management experience and five years of operations and financial management experience. Elye has a Bachelor's of Applied Arts and Sciences from Texas State University, has graduated with Great Distinction from BAI Graduate School of Retail Banking, and has been recognized as a Certified Public Manager by Texas Governor Rick Perry. He is currently pursuing his MBA also from Texas State University.

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His responsibilities include overseeing all payment and lockbox processing for the company, toll road image review, customer dispute resolution, new account submissions and data entry, and credit union collection operations. Elye is active in the community as a professional member and sponsor for the Future Business Leaders of America and is also a member of the American Society for Public Administration and the American Academy of Certified Public Managers.

Chris Dettbarn, Director of Collection Services

Chris joined MSB in January, 2009 with over 16 years of experience in collection and financial services. Chris's last position was with NCO Financial Services in the Philippines where, as Assistant VP and Director of Collections, he oversaw and managed over 800 collection agents across multiple lines of business. Prior to working at NCO, Chris worked for Dell Financial Services in Austin in several roles including Senior Audit Manager and Recovery Manager. Chris has achieved the Green Belt certification in BPI (Business Process Improvement). In June of 2009, Chris was promoted to Director of Collection Services and Chris will continue to oversee the DPS and CTRMA collection call centers and will now add our MSB collections activities to his overall responsibilities.

Salvador Martinez, Senior Collections Manager

Sal brings 15 years of Call Center Management experience. His previous work experience includes positions as the Operations Manager for US Bank and Chase Bank. During Sal's tenure at Chase Bank, he was also an Auditor and Agency Manager. This gave him the opportunity to view operations from the client perspective and the ability to work with collection agencies all over the United States. He also has Third Party Collection Management experience as a Director of Operations for Encore Receivables, located in Kansas. Sal's current duties include managing the day to day collection operation and strategy for the MSB Court Division.

Laura Likon, Senior Manager, Client Services

Laura joins MSB with over 9 years experience as a Project Manager for large-scale projects for the complex schoolbook publishing industry. She joined MSB in 2007 as our Sr. Manager of Operations Support, where she directed our pivotal ACA PPMS certification initiative. She has a hands-on approach to communication and comprehensive on-going customer support. Laura is an expert in defining key requirements for the customer with a proven track record of customer satisfaction.

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Benjamin Long, Director Client Management

Benjamin provided support for the U.S. Department of Defense at Verizon Business before joining MSB in 2006. He graduated with a BA in Management Information Systems from Texas Tech University, and earned a Masters degree in Information Technology Management and Consulting at the University of Texas. Ben has earned the following credentials: Cisco Certified Network Associate, Cisco Certified Security Associate, Interactive Intelligence Certified Engineer, BMC Software Certified Engineer, Oracle Certified Associate and Microsoft Certified Systems Engineer. Benjamin manages the MSB New Client Implementation Process and is responsible for building a solid foundation for handling new business. He ensures that our implementations are tailored to each of our clients' specifications.

Stephanie Carvajal, Senior Business Analyst

Stephanie joined MSB in July 2001 with experience in the collection industry from employment at Provident Financial Bank and with Lockheed Martin as a Collector for Child Support with the State of Arizona. After receiving several promotions, she holds the position of Senior Business Analyst. She is responsible for coordination between multiple departments for technical needs and scope of work to be performed during implementation. These tasks include analyzing the scope, drafting documentation on script development and creating Standard Operating Procedure documentation. After beginning collection efforts, Stephanie provides continued assistance through in-depth client database analysis, special reporting and database comparison and synchronization between the client and MSB.

Lucy Lopez, Collections Logistic Analyst

Lucy joined MSB in 2007 as a collector. She came to MSB with skip tracing experience in the child support field. After establishing the skip tracing platform at MSB, she was promoted to Skip Tracing Supervisor. She oversees the recruiting and hiring of the skip trace team, the manual skip trace process and the skip batching process. Lucy also creates, edits and processes the letter series for our clients.

Ruben Palomino, Collection Supervisor

Ruben started with MSB in 1995 as a collection agent. He has held his current position, Collection Supervisor, for eight years. He creates and manages the hourly, daily and monthly agent reports and is responsible for training and mentoring agents. He is a certified location manager for licensing in the State of Nevada.

We have provided detailed resumes for these individuals as **Exhibit C** of our proposal.

Capabilities/Experience summaries included? YES: NO:

7a. Please provide a list of references for whom you currently, or have recently (within the past two years) provided these services, with particular emphasis on other governmental entities.

Include company name, address, phone number, contact person and e-mail address if available. A Minimum of three (3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

MSB has provided our reference information in the tables below:

Client	City of Ocala, Florida
Contact Name	Larry Novak
Address	201 SE 3rd Street Ocala, FL 34471
Phone Number	(352) 629-8431
E-mail Address	lnovak@ocalafl.org

Client	Clay County, Florida
Contact Name	Pat Zeigler
Address	P.O. Box 988 Green Cove Spring, FL 32043
Phone Number	(904) 284-6396
E-mail Address	pat.zeigler@co.clay.fl.us

Client	Miami Dade County, Florida
Contact Name	Ralph Padron
Address	1351 NW 12th RM 124 Miami, FL 33125
Phone Number	(305) 548-5385
E-mail Address	gt06@miamidade.gov

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Recent Testimonials from Clients

"The level of service and professionalism MSB has provided has been excellent. I have found the entire organization to be professional, highly ethical and a pleasure with which to do business."
Municipality of Anchorage, Alaska

"Everyone I have dealt with at MSB has been willing to help me understand reporting, help me recall/locate accounts, provide reporting and always in a timely and courteous manner. Everyone I work with does very hard to do the best by us and our customers. MSB contacts always call me if there are problems and I can contact them at any time, knowing I will get an excellent response." **City of Ocala, Florida**

"The Austin Municipal Court has utilized Municipal Services Bureau (MSB) since 2002 for collection of delinquent (outstanding) parking and criminal Class C misdemeanor and traffic offenses. Our court has a strong internal collections effort, and MSB is utilized after our internal efforts are exhausted. They understand their role in the collections process for our court, and continue to immediately address and respond to any new changes we implement or issues from the normal course of doing business. We have received few complaints about MSB services, and those we have received were handled and corrected expeditiously to prevent future occurrences. In closing, we have found MSB to be a professional, customer focused company. They continue to strive to meet our needs in the way they deliver their services, and MSB assists us with our overall collections and compliance effort." **Don McKinley, City of Austin, Texas**

"From start up to paid in full, Municipal Services Bureau's staff and management, make their customer collection goals their number one priority."

"Outstanding reporting tools, allow the customer to remain in the know, from debtor detail to monthly detailed collection reporting and comparisons, you're never in the dark with MSB."

**Elena Kerasiotis, Third Circuit Court
Wayne County, Michigan (Detroit)**

"I would like to recommend MSB as the candidate of choice in a competitive bid process. MSB has provided an unmatched level of service and attention to detail since contract inception in 2004. They have conducted themselves in all manner of service with respect, professionalism and with the highest degree of ethics."

**Joseph Gonzalez-Patino
Miami-Dade County, Florida
Clerk of the Courts**

7b. Please provide financial references who can substantiate your ability to support the services required for the period of this contract. **Include company name, address, contact person, and telephone number.** A Minimum of three

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(3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

MSB performs all financial transactions with one financial institution included in the table below:

Financial Institution	Plains Capital Bank
Contact Name	Jason Thurman
Address	919 Congress Avenue Austin, TX 78701
Phone Number	(512) 457-7541
E-mail Address	jthurman@plainscapital.com

8. Auditors Statement: Submit a copy of your latest Annual Financial Report as attested to by external Certified Public Accountants.

Included? YES: Included as **Exhibit D** of our proposal NO: _____

9. Please submit copy of SAS 70 Report

Included? YES: Included as **Exhibit E** of our proposal NO: _____

10. Collection Procedures: Proposer shall submit a description of your present collection procedures, including the principles you demand of your present employees who will be handling the City's accounts.

MSB is excited to offer the City a superior collection solution modified to meet your requirements. Our solution marries sophisticated, advanced technology with our extensive experience in providing collection programs exclusively to governmental entities.

MSB has developed and implemented hundreds of collection projects, giving us the necessary tools to **provide the City best-in-class collection procedures**. MSB has the ability to perform the necessary functions to provide a compliant collection program that maximizes recovery including:

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- An existing, turnkey solution that will allow MSB to collect on behalf of the City by providing our:
 - Call center and trained staff;
 - Skip tracing procedures;
 - Interface procedures;
 - Letter notification tool; and
 - Software components;
- Open communication in order to coordinate collection services;
- A sophisticated computer hardware and software system that accepts and accommodates the necessary data on the City's accounts;
- Initial and follow-up training to all employees encompassing all areas of collection activities, as well as all laws and regulations governing such activities;
- Providing assurances that MSB is operating within the laws and regulations governing collector activity; and
- Contacting the City's debtors and requesting payment or providing appropriate instructions to their remaining options in a professional and business-like manner.

By implementing the collection services offered by MSB, you can achieve the following goals:

Increased Revenue - MSB generates revenue by collecting delinquent fines, fees and costs that would otherwise go uncollected. MSB has the ability to address each and every account evenly and consistently – virtually regardless of the location of the debtor.

Decreased Liability - MSB indemnifies all clients against our actions and maintains substantial errors and omissions liability insurance and bonds. We reduce the City's liability and exposure by utilizing MSB's services.

Virtual Staff - MSB's resources and personnel are utilized without allocating additional City funds. It's like having additional staff working along with the City's staff.

Premier Technology - The City can leverage technology by benefiting from MSB's highly automated, advanced solution. MSB has the assets in place to immediately offer the City sophisticated, state-of-the-art, reliable software and hardware resources as well as the skilled personnel necessary to meet the desired goal.

Collection Work Plan

MSB will make all possible attempts to locate and collect on all accounts placed with our office by the City. In addition **we will work the accounts as long as they are with us.** MSB will use all available resources including but not limited to:

Call Center Resources

- Skip tracing for new contact information
- Collection letter series
- Predictive dialer which enhances productivity
- Agent free, interactive, background dialer for additional phone calls and maximum coverage
- Outbound and inbound collection calls
- Toll free telephone number
- **Extended evening and weekend hours totaling 84 hours:**
 - 7 AM to 10 PM CST Monday through Thursday
 - 7AM to 9 PM CST Friday
 - 7 AM to 5 PM CST Saturday
- Use of collectors specifically trained to collect debt accounts
- Multilingual assistance (over 60% of employees)

Phase I: Initial 60 Days

- Once the account is placed with MSB, it will be loaded onto our CRS collection system. During this phase of the collection process, **we attempt contact on accounts, at a minimum, 90 times.**
- An initial collection letter, approved by the City, will be sent on all files outlining all fines and monies owed.
- The collection letter will provide a toll free telephone number, detailed description of the obligation and how to pay.
- All accounts with potential contact numbers will be loaded into our Interaction Intelligence Inc. v2.3 (ININ) predictive auto dialer and called on a regular basis until contact is made for payment. Attempts to contact the debtor will occur every three days at a minimum.
 - The dialer allows MSB to build call campaigns based on key account factors (i.e. Fort Lauderdale demographics, regional collection statistics and specific account types and balance ranges) to allow for best potential contacts.
 - MSB will provide general account information to the City's debtors, note any contact information changes and determine debtor indigence.

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- Any account that does not have a potential contact number, found to have a bad phone number, or marked with mail return will run through our batch skip process.
 - Batch skipping is done using 1000's of national data bases to help locate new contact information for the debtor.
 - New addresses, home, work, and cell phone numbers may be returned to our collection system and special call campaigns will run in an attempt to contact the debtor.
- All new potential contact information will remain in our CRS system and contact attempts via mail and phone calls will continue. *The City will have real time, on-line access to their accounts through the Navigate System to review collector comments, collection activities and updated contact information.*

Phase II: Days 61 – 240

- If deemed necessary to improve collections, MSB will perform smart scoring on the City's accounts. This will give us specific information on the account and allow us to assess the highest probability of collection.
- All of the City's accounts that remain outstanding will receive two more collection notices during this time period. This is a progressive letter series in which each letter will carry stronger language.
- Collection efforts on our predictive dialer, interactive dialer, and manual calls will continue on all accounts that have good contact numbers.
- Skip trace efforts on accounts without contact information will continue.
- Manual skip efforts will take place as needed in an attempt to find new contact information on any account that does not have a telephone contact or has a mail return flag.
- Skip agents will use all available resources via Accurant, Internet and cross reference data bases in attempt to locate the debtor.

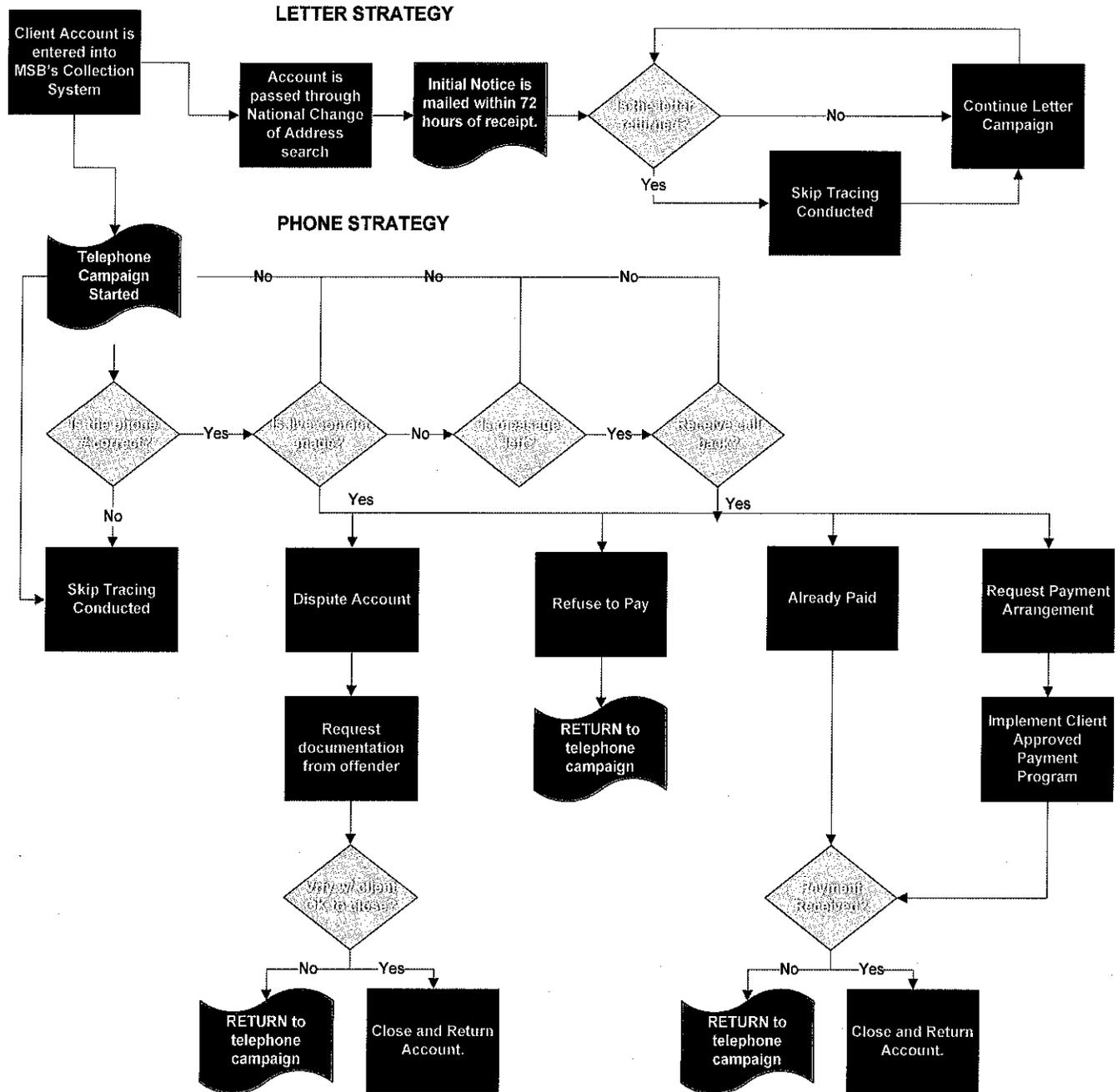
Phase III: Day 241 – End of Contract

- Periodic additional collection notices will be mailed as needed.
 - Special mailing campaigns will be created to increase payments.
- Continued collection calls will be made on all accounts with good contact numbers.
- Skip tracing continues. Once new contact information is found, calls will begin again.

Please reference a detailed collection flow chart on the following page:

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Collection Flow Chart



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Locating Debtors

Please read below for a detailed description of our address management and skip tracing procedures.

Address Management Services

Our integrated systems provide us the ability to pre-scrub debtor name and address data, enhance address information via Zip+4 appends, USPS FASTforward System Change of Address (COA) lookups, as well as **National Change of Address (NCOA) lookups**. This is done on each account submitted to MSB.

MSB's Address Management process is part of our family of products, all of which share comprehensive operational reports and statistics. These include costing reports tailored to debtor requirements and extremely fast processing turnaround times.

Key benefits of the Address Management process are:

- Automatically replaces address on file with the forwarding address, prior to mailing, resulting in:
 - Faster delivery and fewer mail returns, accelerating recoveries
 - Updated address upon which to base automated skip tracing look-ups
- Name and address standardization reduces mail returns due to data quality errors
- Enhancement of the address "last line" via spelling corrections, USPS City mapping, and Zip+4 appends for USPS CASS certification
- COA lookups on all records via USPS FASTforward's 12-plus month database
- NCOA lookups on all FASTforward "no-hits," extending the Change of Address lookup to 3+ years Identification of "Known Bad Addresses," with ability to provide automated services on these debtors.

Skip Tracing, Electronically and Manually

It is anticipated that many accounts submitted will require extensive skip tracing efforts. Skip tracing is an industry term describing the various processes used to attempt to locate a person whose current address or telephone number is unknown. Without a successful skip tracing program,

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collection results are significantly lower. After all, we cannot collect from someone we cannot contact.

Once it is determined that either the phone number or address is incorrect, we begin skip tracing procedures. **Skip tracing is conducted on a local, regional and national basis. The schedule is ongoing on a monthly, quarterly, and annual basis as long as we have the account.** Efforts include:

1) Data Providers: MSB has the ability to utilize the following vendors who supply NCOA programs as well as our own database of mail return information. Online access to these providers is linked to our internal intrashare website for collector's convenience when they are skip tracing. MSB has access to billions of data sources through the following:

- Accurint (LEXIS NEXIS)
- Acxiom
- ChoosePoint
- DirectoryNet
- Dolan
- FastData
- MasterFiles
- RiskWise
- Verifacts

2) Additional skip tracing resources may include the following:

- Multiple State and National Directory References
- Address Correction Deposit on file with the Postmaster
- Credit Bureaus
- Utility Records
- Driver's License Database

3) Cross Referencing of City's Accounts Against Our Proprietary Database

All new accounts submitted to MSB are skipped immediately before collectors begin working the accounts to ensure the most recent and accurate data is available at the time contact is attempted. The accounts are continually re-skipped on a monthly, quarterly, and annual schedule in an effort to maintain

the most current contact information in case they move or relocate over that time. If a debtor is contacted on one account, the collectors will do an extensive system search to make sure they locate any additional debts owed. Each account found is updated with the latest information obtained.

Batch Skip Tracing Services

MSB's batch skip tracing process can effectively skip millions of accounts at a time. The process is developed and engineered to provide the most up to date information for debtors who are difficult to locate. Regardless of the age of the account or the balance owed, every account referred to MSB without valid contact information will go through the same skip process. Batch skipping enables us to expedite the time it takes to update contact details.

Features include:

- Electronic Directory Assistance (EDA)
- Phone and SSN Append
- Phone Dedupe (If a number is marked as bad, it is not returned as a good one, nor is it kept in the search.)
- Best Address
- Best Address Dedupe (If an address is bad, it is not returned as good and it is removed from the search.)
- Credit Header with Credit Bureau (Results in more right party contacts rates, higher levels of verification and fraud detection.)
- Full Header

MSB accesses 6.8 billion records from over 30 sources to locate correct contact information including:

- Bankruptcy Filings
- Vehicle Registrations
- Voter Registrations
- Driver's License Numbers
- Utility Information
- Phone Records

In-House Skip Tracing Department

MSB has an in-house Skip Tracing Department to ensure we have the most current contact information to maximize the number of right party contacts. All accounts are pre-skipped three days prior to mailing the first notice to prevent mail returns.

The In-house Skip Department is headed by the Skip Tracing Supervisor who oversees the skip tracing employees. The Supervisor develops strategies for accounts requiring manual skip tracing. Typically, after an account has been batch skipped and no new information was located, we process these accounts through our manual skip team. Because MSB has control and access to millions of data sources, our skip team is well prepared and successful in locating hard to find debtors.

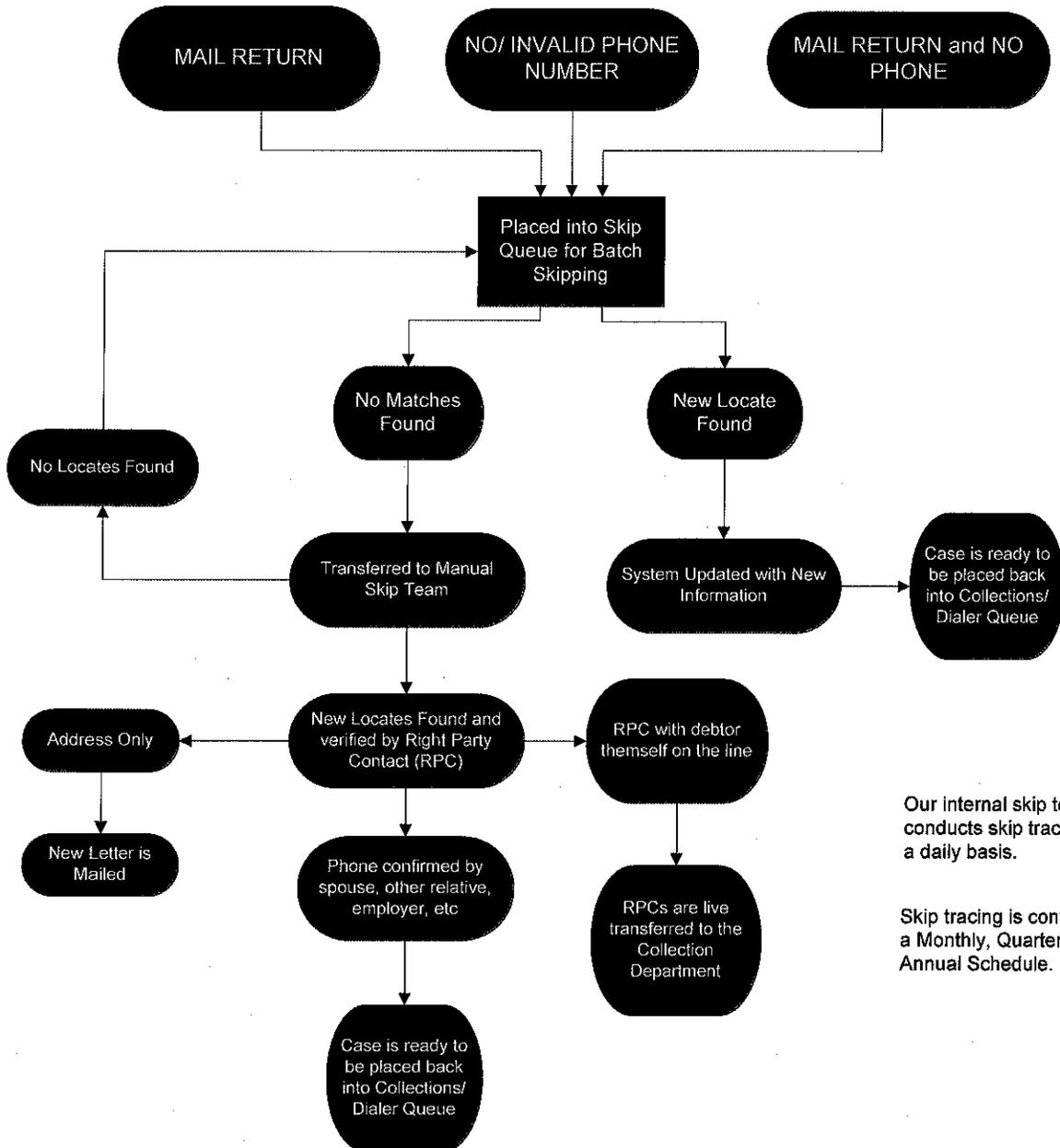
The MSB skip agents utilize a toll free telephone number to make outbound phone calls as well as receive inbound phone calls during their validation process. Before placing the account back into our active collection queue, our skip tracers are required to validate the accuracy of the data they obtained. When right party contact is established with the debtor, the skip tracer will "live call transfer" to a top tier collector to collect on the account. When a new address is located the skip tracer will mail out a letter to the updated address and place the account back in the collection queue.

Additional Benefits

- Continued Efforts after Batch Skipping
 - Expanded skip efforts on all accounts returned from batch skip where correct contact information was not found
 - Re-skipped on a monthly, quarterly, and annual schedule to maintain current contact information
- Immediate Resolution
 - Live call transfers to top tier collectors
 - Higher boost in direct payments and urgencies
- Client Satisfaction
 - Meeting contract obligations for skip work
 - Show improved collections for our existing clients

A flow chart illustrating our skip tracing procedures is provided below:

SKIP TRACING PROCEDURE



Our internal skip team conducts skip tracing on a daily basis.

Skip tracing is continued on a Monthly, Quarterly, and Annual Schedule.

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Letter Procedures and Capabilities

The initial notice is mailed within 72 hours of the account being transferred to the collection department. Our written contacts are intentionally designed to be in letter format and may be customized to meet specific circumstances. MSB may utilize bilingual verbiage in the City's letters to ensure all debtors can make contact to initiate payment.

Each account the City refers to MSB is scheduled a letter series once it is uploaded into MSB's system. If there is a failure to respond to the first notice, a second notice is automatically generated. This process is repeated. If a payment is posted in full or the account is canceled or closed for any reason, the letters automatically cease. If a debtor has multiple accounts and payment in full is received on only one account, the letter series is modified and a new letter series, appropriate to the situation is scheduled. If the City places the account on hold for any reason, the letter series is held until MSB is informed to continue collection activity.

MSB can **customize an individual letter series** to meet the City's needs. Our letters are time tested and have proven their effectiveness in communicating with debtors to resolve accounts while complying with all federal and state collection laws. The City is able to approve all letters and their verbiage during the implementation phase. Each letter contains contact information in both English and Spanish, a toll-free telephone number and the web address where on-line payments may be made. MSB's letter notification tool can alter the language of letters to adjust to any future needs of the City.

All letters will comply with FDCPA regulations.

Predictive Dialer Technology

The Interactive Intelligence Inc. (ININ) is a system that automates the dialing process within a call center environment. The system dials telephone numbers downloaded from MSB's database and detects an answered call. The system filters out calls with no answer, busy signals, and disconnected numbers, and passes only answered calls to the collector. The collector may also leave messages.

When an individual is reached, the debtor's detailed account information appears on the monitor at the collector's workstation. The collector then updates the database with verified information such as new telephone numbers, place of employment, etc. Depending on the experience of the

employee, the Dialer allows a collector to make approximately 200 contacts a day, amounting to a sevenfold increase in debtor contacts compared to manual calls.

When the Dialer reaches a disconnected number, the account is passed to the skip tracing queue. Once valid information is found, the account is put back into circulation.

A variety of strategies are in place to deal with each circumstance. For example, when the Dialer receives a busy signal, the system can be programmed to re-dial that number every 15 minutes thereafter until the line is connected. Also, if the call is not answered, the Dialer might continue to call every 60 minutes until someone answers.

A dynamic advantage of this system is the inbound/outbound feature. The Dialer keeps track of the number of collectors on the dialer system and the number of incoming calls. The Dialer equally distributes the incoming and outbound calls, leaving no unanswered calls.

MSB realizes the importance of *immediately* working accounts while the information (phone number, address, etc.) is still valid; therefore, we stress *quick activity*. However, MSB also understands that various circumstances prevent one from paying an obligation immediately. In many instances, changes in personal matters enable the individual to pay at a later date.

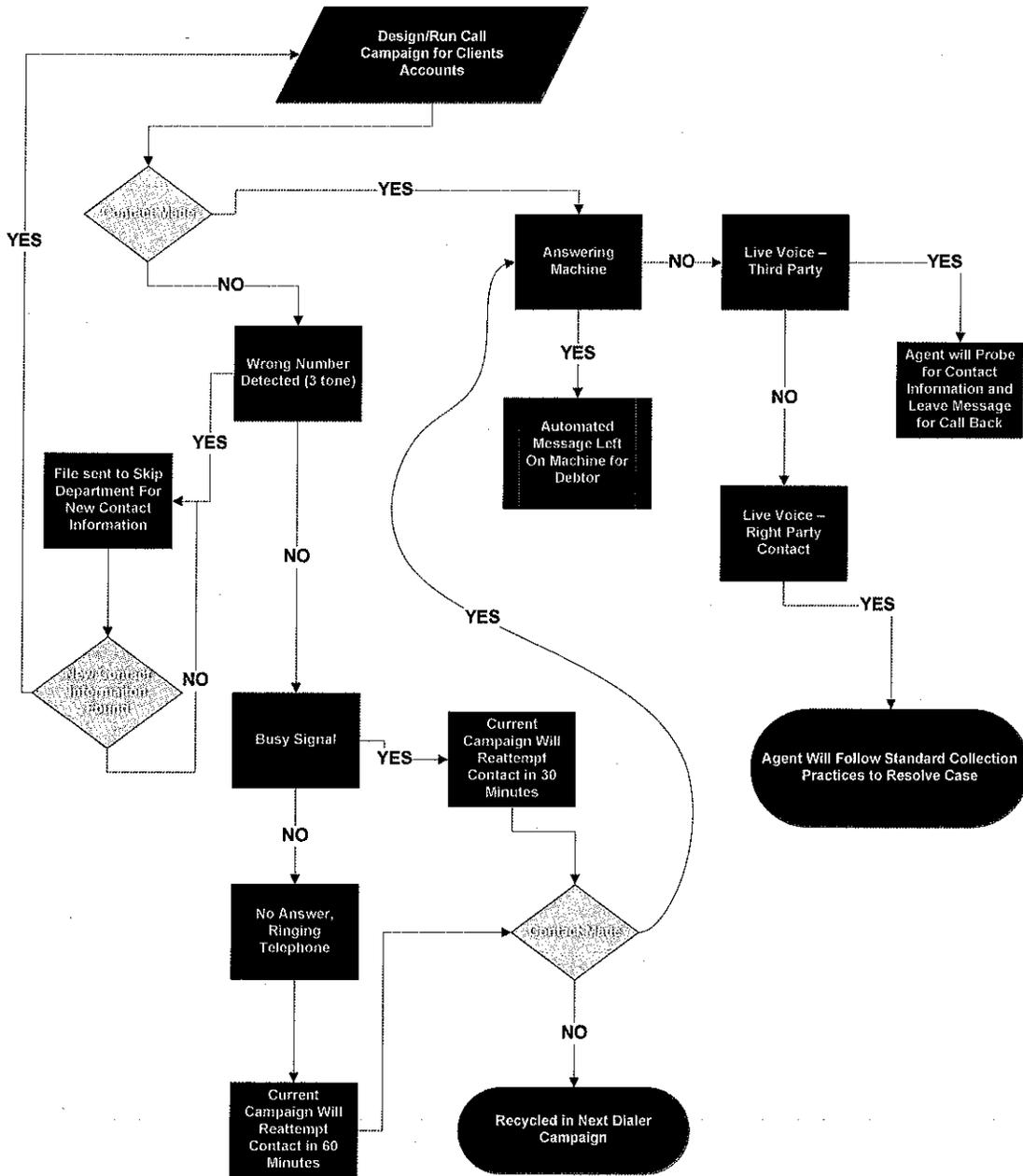
The Dialer generates individual reports pertaining to the performance of each collector. The Collection Manager evaluates each collector by the speed and thoroughness of their work (based on experience). The Dialer generates statistical information in the following areas:

- Time the collector spent on the Dialer
- Productivity of time spent on the Dialer
- Number of messages left
- Messages left with a person
- Wrong numbers called by the collector
- Accounts updated with new location information
- Promises and refusals to pay
- Immediate payment made via Credit Cards or Check by Phone
- Transferred calls from other collectors
- Supervisor reviews because of dispute

Please reference a Dialer Campaign Flow Chart below:

Dialer Campaign Flow Chart

MSB - Interactive Dialer



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Phone System

MSB utilizes a state of the art fully integrated VOIP phone system by Interactive Intelligence Inc (ININ). All calls can be shared with the City by e-mailing a wave file of the recorded conversation upon request. **All inbound and outbound calls are recorded and stored for a minimum of 2 years.**

The ININ Customer Interaction Center (CIC) offers the following advantages:

- Innovative Pre-Integrated Application Suite- The multimedia Automatic Call Distributor (ACD) gives MSB capability to manage calls, call processing, voicemail, fax and unified messaging to elevate productivity, performance, and customer service.
- ACD with Universal Queuing- This is a flexible automatic communications distributor for language, segment or skills based call routing to quickly get each call to the appropriate collector.
- Fully Capable Inter-active Voice Response System- MSB offers self-service options such as methods of payment to customers waiting in queue or calling after hours.
- Outbound Campaign Management- The Dialer pre-integrates to CIC to blend outbound campaign calls with inbound ACD calls. Once contact is made, the call is transferred to a collector.
- Recording, Scoring and Quality Monitoring- MSB is able to digitally record all collector inbound and outbound calls which involve client contact. Flexible scoring helps maximize collector performance, and simplify recording, file management and retrieval.
- Supervision and System Monitoring- The supervisory and collector system monitoring capabilities allow MSB to view all stats in one interface. MSB supervisors monitor these on several new 52" flat panel displays easily visible on the collection floor.
- Complete Workforce Management- CIC's historical ACD data is combined with projections for demand forecasts and scheduling to ensure optimal staffing, collector performance and service.

Telephone Techniques

Just as important as achieving contact with the debtor are the telephone techniques used in attempting to collect the account. Many debtors have multiple bills and multiple agencies contacting them for payment. **MSB's goal is to be the collector who the debtor decides to pay and the promise the debtor honors.** MSB emphasizes being polite, courteous and professional to all debtors at all times.

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The nature of the debtor has changed over the years. Debtors often are better educated and more sophisticated than in the past. They expect to be treated as individuals with unique circumstances and needs. Many appreciate being listened to and communicated with in an understanding way.

MSB develops our collectors to be effective listeners and communicators. This results in two positives. First, it makes the MSB collector the collector the debtor most wants to pay. Second, it significantly increases the likelihood of promises kept by the debtor.

The MSB short-list of what makes a good telephone collector includes:

- Treating the debtor like a customer, with a customer service attitude.
- Suggesting ways for the debtor to overcome problems for payment so that the collector creates the feeling that they are on the debtor's team.
- Being a good listener to evaluate the debtor's willingness and ability to pay.
- Perfecting the negotiating process and paraphrasing what the debtor is saying so that a mutually acceptable solution is reached.
- Being assertive, not aggressive.

Our telephone calls are designed to help the debtor voluntarily resolve their obligation. We are here to let the debtor know that there is an opportunity for them to resolve the matter voluntarily. **Multi-lingual assistance is provided to all debtors.**

Litigation

If MSB's collection activities have not yielded payment and MSB, through its skip tracing capabilities, is able to identify assets owned by a defendant, MSB will recommend initiating litigation to recover the monies owed. If a case balance is less than \$5,000 (depending on the jurisdiction), MSB will recommend filing suit in small claims court, as small claims court typically provides an efficient, cost-effective forum for litigating small disputes. Otherwise, MSB will recommend pursuing litigation in the court of competent jurisdiction that provides the most efficient docket system. Where available, MSB is also able to facilitate the filing of wage garnishments, bank liens and writs of attachment.

MSB's General Counsel, A. Lee Rigby, coordinates MSB's Litigation Program and oversees each step in moving cases through the litigation process. Mr. Rigby works with MSB's clients to evaluate and select those cases which

might be viable candidates for litigation. MSB will not initiate any court proceeding without specific, written authorization from the client and until a Litigation Plan has been agreed upon. After a case is selected for litigation, a formal, written demand letter from an attorney will first be sent to the defendant. In addition, follow up phone calls from an attorney may be placed before a lawsuit is initiated (as litigation should always be the last resort).

Mr. Rigby also manages communications between MSB's clients and local attorneys working on MSB's behalf in the client's jurisdiction. MSB partners with select law firms and attorneys from The National List of Attorneys to provide legal services across the country. The National List of Attorneys provides a \$3,500,000 insurance bond to provide security. Mr. Rigby and MSB coordinate all of these activities on the client's behalf.

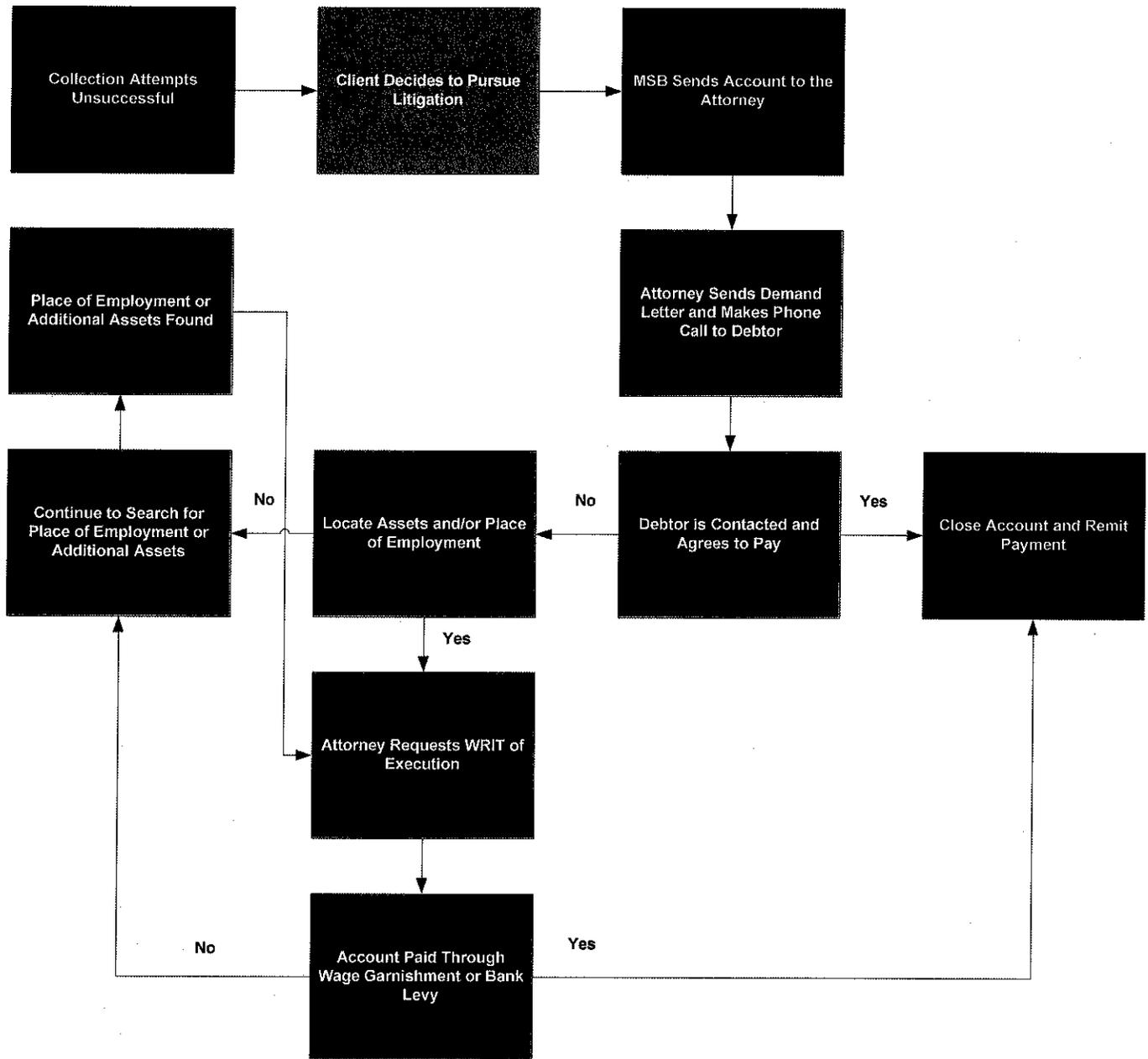
Asset Searches

MSB utilizes national databases that are successful in providing asset searches and locating both assets and liabilities. MSB may utilize the following databases to identify assets:

- Secretary of State
- Tax Appraisal Districts
- State Comptroller
- National Secretary of State
- Nationwide Property Tax Information
- Nationwide Vital Record Information

We have provided a flow chart detailing the litigation process on the following page:

Litigation Flow Chart



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Payment Options

MSB offers numerous options for debtors to satisfy their obligation to the City. In our experience, when we accept payments directly for our clients; we achieve a higher collection rate. Debtors may choose from the following methods of payment:

- All major Credit Cards
- Debit Cards
- Online Payments, 24X7
- Electronic Check Over the Phone (Vcheck)
- Money Gram
- Cashier's Check
- Certified Check
- Personal Check mailed via USPS

Credit Bureaus

Upon request, MSB will submit accounts to a credit bureau. All correspondence with debtors may contain this language. MSB actively reports to the following major credit bureaus:

- TransUnion
- Experian
- Equifax

On-line Access to Accounts

The City will have **the ability to access accounts on-line, in real time, 24X7** through the Navigate System. A login name and password will be issued to allow the City's employees to enter the secure site to review information in real-time. Accounts may be reviewed by using several different fields such as name, account number, address, social security number, etc. You can also view all Action Codes, Result Codes, Status Codes and Memo Codes depending on the criteria you provide. **This technology allows the City to quickly find all information regarding a particular account including amount due, amount paid, collectors' notes, updated address information, etc.**

The Navigate System will also allow the City the ability to generate reports. The reports are created in real-time quickly and easily. The City will be able to access the dollar amount submitted, dollar amount collected and recalled,

number of accounts paid in full, average age of accounts, our commission amount and numerous other account details for debtors.

Executing Payment Plans with Debtors

The initial recommendation to the debtor will always be to resolve their obligation by payment in full. In the event a debtor has multiple accounts and indicates that they cannot pay in full, an effort will be made to have them pay the first account in full, then the second and so on. MSB never compromises the amount due without written authorization from you.

Our collection software automatically flags individuals who have broken payment commitments within three working days. These accounts are noted with a special status code, indicating a broken promise to pay by the debtor. From there, they are placed into a special dialer campaign, designed specifically to call and collect on accounts where promises to pay were broken.

MSB is able to provide payment updates to the City electronically.

Collection Campaigns

MSB knows that the City will rely on our efforts to set budgets and the revenue we generate. In the event of a shortfall MSB will work with the City to provide customized collection campaigns. Some of the campaigns we currently run are:

Tax Refunds

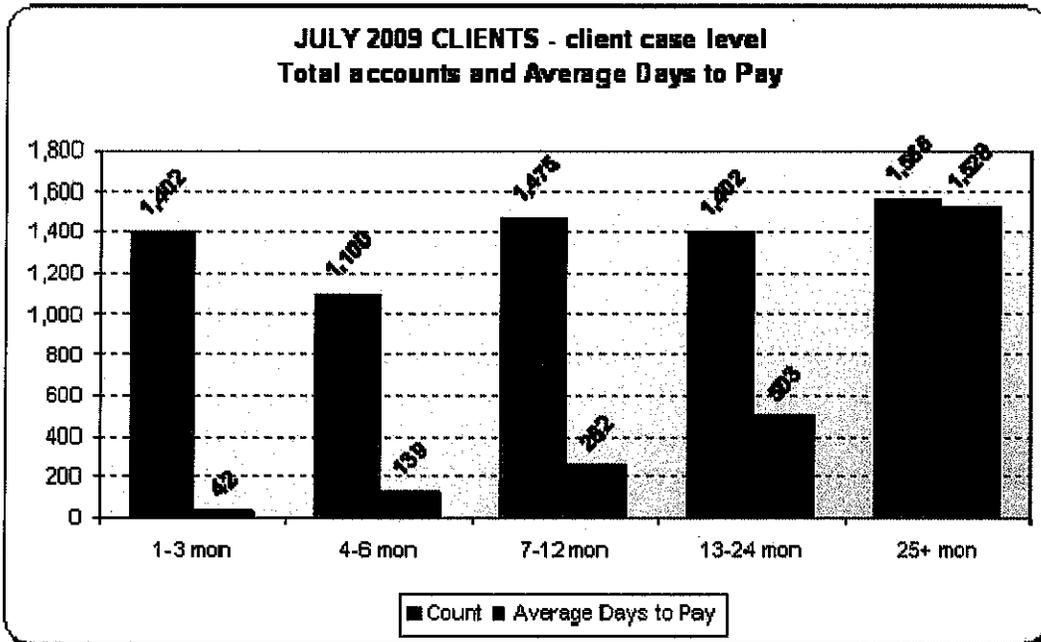
During "tax season", January - April, MSB makes additional contacts to all debtors in the system. MSB has found that many debtors have disposable income during this time frame due to tax returns. This campaign will help the City see increased returns. In order to maximize this time of year when debtors may have their only 'additional income', MSB sends specific tax letter mailings in addition to the general collection letter series. Our clients see as much as a 55% increase in their revenue collections.

MSB's 2009 Tax Season efforts included:

- 248,527 Letters mailed
- 1,016,472 Outbound calls
- 7,413 Inbound calls received

Routinely Re-contacting Debtors

Re-contacting debtors as long as the account is outstanding yields results. This assures the Clerk that your accounts are continuously being worked. We never stop working an account because a person's financial situation is very fluid and usually changes for the better as they mature. **The collection rate increases dramatically over time as you continue to collect on older cases.**



The graph above demonstrates our ability to collect on "aged" accounts. The gray bars are the number of accounts paid in that timeframe and the purple bars are the average days to pay.

For example, 1,566 accounts that had been with MSB for 25+ months (although their actual age is over four years old) were paid. You can compare this with the 1,100 accounts paid that had been with MSB for 4-6 months. In summary, the majority of accounts paid (23%) are in the oldest age category. This is statistical proof that we have success with aged accounts.

Call Monitoring

The majority of our personnel who will be devoting their time to the City's collection project will be our collection staff. MSB is dedicated to hiring, training and retaining quality employees. One tool we use to ensure we are effectively managing ethical collection practices is through the monitoring of our collection staff by the Quality Assurance Department.

Call monitorings are achieved through the following means:

- Remote
- Side-by-side
- Recorded

Frequency

To maintain a consistent level of quality, a set number of monitorings must be performed for each collector on a weekly basis. The following numbers are to be followed to maintain that level of quality:

- QA Monitor is required to complete 2 monitorings per collector
- Team Lead is required to perform 1 monitor per collector
- Supervisor is required to perform monitors on as needed basis, i.e. client requests and quality purposes

Tracking Reports

The call monitors are tracked by a daily tracker and reported to the Collection Manager on a weekly basis. Data is uploaded from the Web Service Portal and is analyzed for reporting frequency and quality trends, which may dictate additional monitorings for collectors who are displaying deficiencies in their quality of service.

Assessing Collector Performance

The ACD Report is used to track Collectors' call statistics. This report is distributed daily to Managers, Supervisors, Team Leads, and Collectors so that they can track expectations and goals. This report contains the following information for Collector calls:

- Number of calls presented
- Number of calls answered
- Number of calls abandoned
- Number of calls qualified
- Collector call talk times (average daily, weekly and monthly)
- Collector CPH (Calls Per Hour)

- Wrap up time (time after each call to complete notes, etc.)
- Percentage of paid time versus active call time

Assessment of collectors' call statistics along with the Zero Tolerance Policy and the Attendance Occurrence Policy are all indicators of the performance of the collectors.

Daily, weekly and monthly reports are used to measure the overall performance of the Collection Department. These reports provide a measure of how the department as a whole, as opposed to the individual collectors, is performing. These reports allow for the comparison of day-to-day, week-to-week, and month-to-month data for continuing evaluation of the department's performance.

Follow All Applicable Statutes

MSB has a reputation of performing ethical collection services while maintaining stringent compliance with all legal practices and contract provisions. This includes the following practices:

- Member of The Association of Credit and Collection Professionals (ACA International)
- Adhere to ACA International's Strict Code of Ethics
- Full compliance with FDCPA
- Collector's Pledge Signed by All Staff
- Compliance with All Federal, State and Local Laws
- Fully Insured

MSB is in compliance with all federal, state and local laws, including the FDCPA, and will ensure that it maintains this status throughout the contract period. Furthermore, MSB shall conduct work done under this contract in strict compliance with all applicable laws related to the collection of government receivables in the State of Florida and is licensed according to industry standards.

As with all of our clients, we will remain cognizant of the evolving changes of collection laws and will adjust our practices as necessary to remain compliant throughout the term of the contract. Our training program educates MSB's staff on current legal guidelines, and our management team provides on-going notification of new laws and regulations in order to maintain compliance.

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More than simply complying with all federal, state, and local laws where we do business, we proactively maintain a compliance program that promotes prevention, detection and resolution of any instances of non-compliance.

The collection industry is a sensitive business, in which we deal with financial issues that affect our clients, their debtors, our corporate reputation and ourselves. We take very seriously the fact that our clients depend on us to assist them with the services we have contractually agreed upon in accordance with all laws and the highest standards of ethics.

Ethics Hotline

MSB is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment and MSB's commitment to open communication, Lighthouse Services, Inc. (LSI) has been contracted to provide MSB Employees with an anonymous ethics hotline and website. LSI provides an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for reporting ethical violations in good faith.

Complaint Policy and Procedures

Complaints will be handled immediately. The complaint will be referred to Chris Dettbarn, Director of Collection Services, and dealt with promptly. MSB will respond in writing to any individual that requests such a response, when a dispute has not been resolved by telephone. If a debtor states that the account was previously paid, etc., we ask the individual to provide the necessary documentation to support their claim. Upon receipt of documentation, the account is placed on "hold" and forwarded to the City or dealt with as per previously agreed-upon instructions. Upon clarification, the debtor is notified that their claim was accepted, of a new balance or the fact that their claim was denied.

In order to resolve a dispute as quickly as possible MSB records 100% of all outbound and inbound phone calls. In addition, we store the data for 2 years to ensure that we have adequate access to historical data in the event of a problem. Most agencies do not record calls because of the potential liability let alone store the data for multiple years. MSB so trusts in its people and processes that we are confident in letting the City have open access to all call data. Any complaint resulting from a phone conversation with our collectors can be forwarded to the City for review. The recordings

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are also used for training and, if necessary, disciplinary purposes. Our Quality Control department regularly monitors all calls to ensure our collectors are maintaining compliance with all state, federal and local laws as well as all client regulations.

MSB Standard Complaint Handling Procedures

- Payment made to client
 - Verify in Collections Resource System (CRS) of any payments made
 - If no payment made, contact client for balance due
 - Send debtor letter stating balance
- FDCPA
 - Obtain validation of debt or invoice from client
 - Give letter to compliance officer
- Attorney Accounts
 - Give letter to compliance officer
 - Inform client
- Dispute Balances
 - Search CRS for proper data (account is active, name, SSN, DOB)
 - Contact client about the dispute
 - Send letter to debtor to contact client

Escalated Complaint Resolution Policy

In the rare event that MSB receives written notification of debtor dispute via the Better Business Bureau or a similar consumer advocacy organization, any law office, any state government agency, or the Federal Trade Commission, the following procedure is implemented:

- The complaint is forwarded to the Compliance Officer for review. Based upon the review, the Compliance Officer forwards the complaint to the pertinent department for a full investigation. In the event the dispute is from the Federal Trade Commission, the complaint is forwarded to the Director of Operations for investigation.
- There is a thorough investigation conducted, based upon the nature of the complaint. For example, if a debtor claims that they received a call after 9pm and in violation of FDCPA, all call records are retrieved from the dialer for review to ensure that no calls were placed outside of the allowed time frames. If a debtor claims they are being harassed, all recordings of all calls to that debtor are retrieved and reviewed by

senior management. **All calls are recorded and kept for a period of 2 years.**

- Results of the investigation are forwarded to the Compliance Officer who will then render a determination as to whether MSB is or is not in violation of FDCPA, FCRA, and other laws. Appropriate actions taken are:
 - If MSB is in compliance with all applicable laws, the organization/agency which forwarded the complaint is notified that MSB has reviewed the account and determined that it acted in accord with regulations. In the account of government agencies, all requested evidentiary support is provided. The account is closed internally.
 - If MSB is not in compliance with all applicable laws, the organization/ agency which forwarded the complaint is notified as such. In the account of government agencies, all requested evidentiary support is provided. MSB keeps the account open until the forwarding organization or agency closes the account at a later point, regardless of their determination at that time.
- MSB is aware that complaints may not arise for weeks, months, or up to a year from the date of occurrence. As such, call recordings, dialer records, transaction paperwork, and all records as they relate to collection operations are retained for a period of no less than two years. Financial records are retained for time periods specified by the Sarbanes-Oxley Act and SAS 70 audit requirements.

Nationwide Collection Services

We will attempt collection on any account regardless of a debtor's location and are **licensed or authorized to collect in all 50 states and U.S. territories** as evidenced by the table below:

State	Collection Agency License	State	Collection Agency License	State	Collection Agency License
AL	Not Required	LA	Not Required	OH	Not Required
AK	√	ME	√	OK	Not Required
AR	√	MD	√	OR	√
AZ	√	MA	Contact allowed from out-of-state	PA	Not Required

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			location		
CA	Not Required	MI	√	RI	Not Required
CO	√	MN	√	SC	Not Required
CT	√	MS	Not Required	SD	Not Required
DE	√	MO	Not Required	TN	√
FL	√	MT	Not Required	TX	Not Required
GA	Not Required	NE	√	UT	√
HI	√	NV	√	VT	Not Required
ID	√	NH	Not Required	VA	Not Required
IL	√	NJ	Not Required	WA	√
IN	√	NM	√	WV	√
IA	Not Required	NY	√	WI	√
KS	Not Required	NC	√	WY	√
KY	Not Required	ND	√	British Columbia	√

Collection Staff

We provide our clients with the assurance that our personnel are not only competent and experienced collectors as one would expect; ***they are competent and experienced in the very type of receivables that the City is attempting to collect.*** Thus, when awarded the contract, MSB will assign collectors to the tasks that have proven their individual competence in collecting utility, EMS, parking, alarm and other debt accounts. MSB provides the best-in-class training to prepare these individuals for the real-world experiences they will face in collecting government debt.

Our personnel development program specializes in training MSB's staff to meet the specific requirements of our clients. Our staff is trained to work effectively with individuals to resolve and collect outstanding municipal accounts while treating them with courtesy and respect. Our Standard Operating Procedures require on-going monitoring of employee conversations with debtors in order to maintain quality assurance and compliance with laws and regulations. MSB has a full time Quality Monitor that provides weekly and monthly coaching sessions as on-going training for collectors. **MSB**

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records 100% of all inbound and outbound collector calls and the calls are stored for a minimum of 2 years. These recordings are available to our clients when questions arise about specific accounts. We have the ability to resolve complaints quickly and can immediately send call recordings to you upon request.

MSB has realized that no matter how sophisticated a collection or computer system may be, it is well-trained and experienced personnel that determine the success of any program. MSB is committed to providing the essential, quality-trained and supervised personnel necessary to accomplish the objective of resolving the City's accounts.

MSB Collectors are trained in the following areas:

- Applicable Traffic Laws
- Telephone Techniques
- Establishing Payment Schedules
- Bilingual Collector Contact
- All Payment Options Available to the Debtor
- Rebuttal/Response
- Financial Counseling
- Collection Software
- Understanding Client Strategy
- Skip Tracing Techniques
- Handling Disputes
- Company Policy
- ACA International; Code of Ethics
- Collection Manuals, Videos & Tapes

An initial eight-day training program covering every phase of the operation is given to all MSB collectors. This includes a review of the Company Policy Manual, PC-based exercises, education on collection techniques, role-playing, a collection video and computer system orientation. Upon completion of this extensive training, the new collector is paired with a Collection Supervisor. During this time, the Supervisor assists in account handling and the new collector is taught the art of listening first and speaking second. An emphasis is placed on learning to respect and understand the debtor's situation to ultimately lead him/her to account resolution.

With continued on-the-job training, every MSB employee is well informed of the highly sophisticated programs and procedures our company administers. MSB believes that continuing education is the key to collector performance. Collection supervisors are assigned to small groups of collectors to ensure constant, hands-on management. This support system monitors the day-to-day activity of each collector. Collectors are evaluated daily via management reports to ensure performance goals are achieved within established guidelines. Company goals are set each month and a performance based incentive system is used to generate superior results.

Collector's Pledge

All collectors must abide by our Professional Collectors' Pledge provided below:

I believe that every person has worth as an individual and is entitled to be treated with dignity and respect.

I understand that the collection industry is an integral part of our economy and that it is my personal responsibility to help consumers find ways to fully satisfy their outstanding obligations with my clients.

I will always treat every individual with dignity and respect. As I demonstrate this behavior each day, I will encourage my co-workers to do likewise.

I believe in the Core Values of Gila Corporation...

**EMPOWERMENT
INTEGRITY
COMMITMENT
EXCELLENCE
TEAMWORK**

I will honor this pledge daily, knowing that my professional behavior will enhance the reputation of my profession in the minds of consumers, government regulators, fellow employees, my family and my clients.

Multilingual Assistance

In a diverse culture, it is important that proper tools are in place to ensure effective communication is made between our collection staff and debtors. One key tool in place at MSB is the utilization of multi-lingual notices. If needed, all letters may go out in Spanish and English. Another important tool is multi-lingual personnel who are experienced in overcoming language barriers in order to help debtors find reasonable solutions to financial hurdles. MSB is uniquely positioned by employing a staff that is over 60% bi-lingual.

Background Checks/Fingerprinting

All employees of MSB are required to be fingerprinted and have extensive background checks prior to starting their employment. MSB understands the City will entrust us with your sensitive data and financial instruments; therefore, we take all necessary measures to ensure their safety. Additionally, each month, all current employees of MSB are scanned against MSB's database of accounts utilizing name, address, driver license and social security number information to ensure that all employees remain eligible for employment according to the rules governed by both MSB and its clients. MSB does not offer continued employment to those who have outstanding obligations with our clients.

Confidentiality Agreement

Each employee, upon hire, is required **to sign a confidentiality agreement**. Employees agree to maintain the confidentiality of Confidential Information and not to disclose, duplicate, copy, transmit or otherwise disseminate or permit such information to be used, disclosed, duplicated, copied or transmitted.

Code of Ethics

As a long standing member of ACA International, MSB is a strong believer in adhering to their strict code of ethics when performing collection activity. **It shall be deemed professional misconduct for any employee of MSB:**

- **to knowingly violate the intent of the United States Fair Debt Collection Practices Act (FDCPA) with reckless disregard for its provisions;**

- to knowingly violate any federal or state law pertaining to collection and credit industry practices and procedures, with reckless disregard for its provisions;
- to admit or consent to, or be convicted of, any crime under the laws of any U.S. jurisdiction which is a felony, a misdemeanor and essential element of which is dishonesty, or of any crime which directly relates to collection and credit industry practices and procedures;
- to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation including misrepresentation for the purpose of obtaining a license, certificate, or business-related insurance;
- to harass a person on the basis of race, sex, age, creed, religion, color, national origin, disability, sexual preference, or marital status; or
- to engage in dishonorable, unethical or unprofessional conduct of a character likely to deceive, defraud, or harm the public.

11. Organization: Submit a summary of your organization, including geographical locations.

Include this information as an appendix to your RFP response.

Included? YES: Included as **Exhibit F** of our proposal NO: _____

12. Hardship Cases: Proposer shall provide a description of how you handle hardship cases. **If additional space is needed, please** provide as an appendix to your RFP response.

MSB can determine with the City what constitutes as a hardship. Upon learning that a person is indigent or other qualifying criteria, we will put the account on hold and request documentation if available to prove their situation. We will forward the account, including documentation, to the City. Upon notification from the City, we will either close the account or resume collections.

We can also create and monitor payment arrangements for those who cannot pay their account in full.

13. Reports: List, in detail, reports that you offer to the City. Refer to **PART IV, Scope of Services, Section 2 Technical Specifications, Item D Reporting**, of the RFP specifications.

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Include this information as an appendix to your RFP response.

MSB has provided our Management Report section as **Exhibit G** of our proposal.

14. Other Standards Used: List in detail, any additional standards and/or practices that you consider worthy of consideration by the Evaluation Committee in evaluating your proposal.

Include this information as an appendix to your RFP response.

MSB has provided our Other Standards Used as **Exhibit H** of our proposal.

15. COST TO THE CITY: Proposer shall indicate, in the space provided, the firm, fixed collection fee percentage, if you're the City's Primary and/or Secondary collection placement.

Parking and EMS currently have a primary placement service, all other areas do not. Please quote as a Primary placement and/or Secondary placement for collection fee services. If current contracts for collections with Parking and EMS should expire, then both departments will move to a primary placement collection fee, and Contractor will accept this move.

COLLECTION FEE %

Primary Placement 17%

Secondary Placement 30%

If Parking and/or EMS should no longer have their current Primary Collection placement, and wish to move to the Primary placement collection fee percentage, will you accept this move upon notification by the City?

YES NO

16. Are you willing to extend this contract to other municipalities, as specified in the RFP?

YES: NO:

17. At the end of the contract period, will Successful will be required to transfer all uncollected accounts back to the City, at no cost to the City. The City's Department Representatives will coordinate with the Successful proposer on the transfer of the accounts. Do you agree?

YES NO

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ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE
03/24/2009

PRODUCER
 Pathfinder/LL&D Insurance Group, LLC
 1160 Dairy Ashford #220
 P.O. Box 441587
 Houston TX 77244-1587

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
 Gila Corporation
 dba Municipal Services Bureau/Gila Group
 6505 Airport Blvd., Suite 100
 Austin TX 78752

INSURER A: Hartford Underwriters Insurance Company A+
 INSURER B: Progressive County Mutual Insurance A+
 INSURER C: Federal Insurance Company A++
 INSURER D: Hartford Casualty Insurance Company A+
 INSURER E:

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

SR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
1A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	61SBQRS8500	03/01/2009	03/01/2010	EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 1,000,000
					MED EXP (Any one person) \$ 10,000
					PERSONAL & ADV INJURY \$ Excluded
					GENERAL AGGREGATE \$ 2,000,000
					PRODUCTS - COMP/OP AGG \$ 2,000,000
1B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	062807810	02/16/2009	02/16/2010	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE (Per accident) \$
1C	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$
					OTHER THAN AUTO ONLY: EA ACC \$
1A	EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	61SBQRS8500	03/01/2009	03/01/2010	EACH OCCURRENCE \$ 4,000,000
					AGGREGATE \$ 4,000,000
					\$
					\$
					\$
1A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	61WEQRT7847	03/01/2009	03/01/2010	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER
					E.L. EACH ACCIDENT \$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
					E.L. DISEASE - POLICY LIMIT \$ 1,000,000
1B	OTHER Professional Liab Retro date: 07/01/1992 Crime	8197-6649	03/01/2009	03/01/2010	\$2,000,000 Limit
		00FA0241339-08	03/01/2009	03/01/2010	\$1,000,000 Limit

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

CERTIFICATE HOLDER

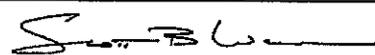
ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION

Sample

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 0 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



License Search Results Detail

License Name: GILA CORPORATION
DBA Name: MUNICIPAL SERVICES
BUREAU

License Type: Consumer Collection Agency
Status: Approved
Status Effective Date: 11/6/2009
Original Date of License: 9/27/1995
License Number: CCA0900293
License Expiration Date: 12/31/2010

License Main Address:

Street: 6505 AIRPORT BLVD. SUITE
100
City: AUSTIN
State: TX
Zip Code: 78752

License Mailing
Address:

Street: 6505 AIRPORT BLVD. SUITE
100
City: AUSTIN
State: TX
Zip Code: 78752-3614

Phone Number: 800-568-7004

Disclosure Information:

No data available.

Search for Final Orders

BRUCE CUMMINGS

PROFESSIONAL EXPERIENCE & ACCOMPLISHMENTS

GILA CORPORATION, Austin, Texas

2007 to Present

CEO – Starting January 2010, Bruce was promoted to CEO. He now oversees all departments and all department heads report directly to him.

President- In September 2007, promoted to President of company overseeing the Client Services, Information Technology, Collection and Business Development sectors of the business.

Chief Marketing Officer- In charge of all sales, marketing, business development and M&A activities for financial management and revenue recovery company. Generated approximately \$3M+ in new business in the first 6 months of taking over and revamping the sales process.

BLUESPAN, Austin, Texas

2001 to 2007

Chief Executive Officer- Oversee the manufacturing operations and quality control of manufactured products in Asia. This includes shipping, receiving, inventory management, production scheduling and negotiation of turnkey contracts. Most recently, renegotiated contracts resulted in a 35% improvement to gross margin. Oversee all aspects of product development including design, testing and prototyping of new-to-the-world wireless telemetry devices.

- Implement manufacturing procedures that focus on constant cycle-time improvement. Most recent improvement led to a 50% improvement in finished goods testing time and a product with substantially less rework.
- Developed go to market launch strategy with the ex-CMO's of **Toy R US** and the **GAP**. Negotiated retail agreements with **Target, Wal-Mart, Radio Shack, Circuit City** and **Costco**.

FOURTHSTAGE TECHNOLOGIES (acquired Aperian), Austin, Texas

2001

Vice President, Business Development

- Directed the startup of operations of managed hosting centers to provide secure and scalable managed Internet service solutions.
- Negotiated the buy-down of approximately \$68M in long-term liabilities and debt at a net benefit to the company of over \$50M while maintaining custody of all assets, lien free and moving the company towards profitability.
- Developed a "no-money down" joint venture to build and secure data centers without capital expenditures.
- Directed the deal development and negotiation of the divestiture of approximately \$32M in assets to transition the company to service based market flexible business model.
- Negotiated successful partnership with a Ross Perot Jr. subsidiary for the management of all data center assets and customer acquisition based on a revenue sharing model.
- Responsible for managing the overall strategic direction for business development.
- Developed successful partnerships with both domestic and international companies to expand the geographic reach of company's offering.

APERIAN, Austin, Texas

1999 to 2001

Vice President, New Markets- Responsible for the global expansion of the companies services in the managed hosting industry. Developed business specific cases and defined specific geographical penetration strategies in Europe and Latin America, including venture deployment, entity structure and securing funding as needed. Managed a \$40M budget and directed the development of all data center operations from site acquisition, implementation of network infrastructure, site commissioning, presales for handoff to operations and negotiating all IP bandwidth contracts.

VC-Network, Austin, Texas

1998 to 2000

Managing Partner- Responsible for the development and startup of a technology incubator catering to innovative technologies.

Emerald, Austin, Texas

1994 to 1998

Chief Executive Officer- Oversaw US manufacturing operations for extrusion and solarium business, responsible for managing all aspects of business to profitability.

Niagara Mohawk, Syracuse, New York

1985 to 1994

Senior Consultant- Excelled in all areas of performance consulting by balancing the technical skills from my engineering background with the human skills offered by my MBA degree.

Education & Professional Development

MBA - Marketing, Syracuse University

Double Major: Innovative Product Development & Organizational Development

B.Sc. - Nuclear Engineering, University of Arizona

B.Sc. - Physics, State University of New York at Fredonia

Board Seats: Bluespan Inc., Data Management Limited, Centerian Inc. and Amaysing Technologies Corporation

Professional Experience & Accomplishments

GILA CORPORATION, Austin, Texas

3/2006 to Present

Chief Financial Officer- Joined the niche oriented (government collections) collection agency as part of a new management team. Increased revenue 69% in two years and net income by 105%. Oversee the Finance Department. Responsibilities include budgeting, forecasting and cash management for the company.

LMCR CORPORATION, San Antonio, Texas

2003 to 3/2006

President- Resumed consulting with various clients doing M&A work along with acting as the CFO of a 50+ person certified public accounting firm.

MISSION COURIER, San Antonio, Texas

1991 to 11/2003

President- Retained by Parent Company to turn this same day document courier company around.

- Increased sales from less than \$400,000 to \$1,300,000
- Increased customer base from less than 50 to over 1,000
- Annual pretax return exceeding 15%
- Employees grew from less than 15 to over 40; company owned vehicles grew from 10 to 30
- Debt retired in less than 4 years
- Receivables turned on average more than 12 times per year

LMCR CORPORATION, San Antonio, Texas

1985 to 1991

President- Began this consulting company to utilize my expertise in management, administration and general business knowledge.

- Litigation support for regional law firms in the areas of foreclosure, work-outs, bankruptcy including work for RTC and FDIC
- Reorganization of sales and REO department of failed Savings and Loan for the RTC. 130 days, sold and closed, for cash, over \$42 million and escrowed \$43 million.
- Served with ex-appellate court judge, for the FHLBB, in conducting independent counsel investigation of a \$1.25 billion S&L
- Served as expert witness in both civil and bankruptcy litigation

TESORO FINANCIAL GROUP, San Antonio, Texas

1994 to 1995

Executive Vice President- Hired to oversee wholly owned service company. Led organization through extensive growth and completely reorganization after a change in federal regulations require a change in direction.

Direction of five loan production offices in three states accounting for over \$100 million in commercial loans

DRAH WALL GROUP, San Antonio, Texas

1979 to 1984

Chief Financial Officer- Responsible for all financial and administrative matters of this multi-company organization involved in commercial real estate development and construction.

DRUMMOND COAL COMPANY, Jasper, Alabama

1977 to 1979

Assistant Financial Vice President- Responsible for direction of all banking and SEC matters of this \$400 million gross sales, coal company.

ICA FINANCIAL CORPORATION, Houston, Texas

1973 to 1976

Treasurer- Responsible for all planning, financial and administrative matters of this \$60 million holding company.

WESTCHESTER CORPORATION, Houston, Texas

1969 to 1973

Controller- Directed all financial and SEC matters for this \$15 million gross sales real estate developer and home builder.

BOUCHE, ROSS & COMPANY, Houston, Texas

1967 to 1969

Senior Staff Accountant- At this "Big 8" accounting firm my responsibilities were primarily conducting audits of both public and private firms. Also worked with trusts and in the areas of consulting and tax engagements.

Education & Professional Development

BBA with Accounting Major, University of Texas, Austin

Certified Public Accountant, Alabama and Texas

American Institute of Certified Public Accountants

Texas Society of Certified Public Accountants

Alabama Society of Certified Public Accountants

San Antonio Chapter of Certified Public Accountants

Domenick Frank Riccio

Professional Experience & Accomplishments

3ILA CORPORATION, Austin, TX

2006 to Present

CHIEF INFORMATION OFFICER & Senior VP, MSB

- Strategically partner with all areas of the business to implement advanced IT solutions
- Manage all IT investments to ensure business results
- Responsible for all facilities and company expansion
- Oversee the Collection Department

VERIZON (Formerly MCI), Austin, TX

1994 to 2006

SR MANAGER, OPERATIONS AUTOMATION

(10/2003 to 2/2006)

- Lead a team of professional programmers, support personal, and project managers, who gathered customer requirements and then designed, developed, and supported Verizon's Automation initiatives.
- Supported corporate wide Intranet Websites, Remedy Ticketing system, BMC Patrol and Heroix monitoring applications.
- Consolidated multiple trouble ticketing systems and web interfaces into one platform at an annual cost saving of \$800,000
- Automated monitoring tools have enabled MCI's call centers to consistently achieve 99.75% uptime month after month.

SR MANAGER, TPV CALL CENTER OPERATIONS

(6/99 to 8/03)

- Responsible for overall TPV architecture, recording solutions, TPV operations 2nd level support team and vendor IT management.
- Worked with 30 international and domestic call centers to route calls to TPV.
- Implemented Automated Verification via a VRU for an annual cost savings of \$5 million
- Downsized a support team from 45 employees to 5, by creating web based reports, next available agent monitoring, and automating call routing to a few keystrokes.

MANAGER III, WINDOWS NT ARCHITECTURE TEAM

(1997 to 1999)

- Lead a team of Microsoft System Engineers responsible for designing, implementing, and supporting
- Windows NT Infrastructure across 30 call centers.
- The original standards established by the first site below were eventually incorporated into all existing call centers.

MANAGER II, OPERATIONS SUPPORT TEAM

(1995 to 1997)

SR SYSTEMS ANALYST, NT Administrator

(1994 to 1995)

IBM CORPORATION, Raleigh, NC

1992 to 1994

- Technical Support Helpdesk- Worked in IBM's call center support center supporting IBM Valuepoint Desktops, Thinkpads, DOS/Windows and OS/2 software.
- Direct Response Marketing - Inside Sales

Education, Professional Development & Awards

North Carolina State University, 1993-1994

Austin Community College, 2006-Current

Working toward an Associate of Science Degree - Computer Information Systems

2001 Circle of Excellence

2000-1999-1998-1997 Ovation Leaders Award

1996 Top Team

1995-MCI Executive Club

Professional Experience & Accomplishments

GILA CORPORATION, Austin, Texas

01/2009 to Present

Director, Call Center Operations – Direct oversight for call center activities over the DPS and CTRMA departments including P&L responsibility.

- Re-organization of call center operations resulting in increased efficiencies
- Development and implementation of Agent scorecard resulting in 200% increase in Agent productivity

NCO FINANCIAL SYSTEMS, Manila, Philippines

06/2007 to 12/2008

Assistant Vice President/Director of Collections – Oversight of all collection activities in Manila, Philippines

- Successfully ramped and managed 800+ Collection Agents across multiple lines of business
- Consistently exceeded expectations on First Party, 3rd Party, Recovery and Purchase portfolios
- Implemented specialized usage of IVR, Dialer and Collection strategies to enhance performance
- Increased revenue per FTE over 100% by extensive coaching and development of agents
- Extensive experience in P&L management with positive impacts to Contribution Margins month over month
- Implemented Site-wide Incentive Programs which netted 100% increase in productivity

DELL FINANCIAL SERVICES, Austin, Texas

03/2003 to 06/2007

Senior Audit Manager/Recovery Manager – Developed vendor audit program for DFS as well as managed all charge-off receivables.

- Developed and implemented Dell Financial Services Vendor Audit program
- Responsible for all Dell Financial Services Vendor Compliance
- Performed on-site due diligence, ITRO security audits and operational readiness audits of vendors
- Developed procurement process for on-boarding of new vendors
- Responsible for and managed \$1 billion + inventory of charge-off consumer and commercial receivables.
- Implementation and execution of all DELL Financial Services Recovery Strategies in regards to charged-off distressed receivables
- Responsible for development, execution of all Bankruptcy, Probate, Legal and Outsourcing related strategies
- Maximized DELL recoveries by implementation of nationwide Attorney Network and Legal recourse
- Interviewed new vendors, through successfully negotiating new contracts and renegotiating terms and conditions with existing vendors, increased revenue and relationships; oversaw external team of up to 25 nationwide/international agencies with 500 FTE working Dell portfolios
- Implemented and executed DELL Financial Services first Consumer debt sale in excess of \$200M which net \$11.5M in revenue

FIRST USA (A BANK ONE COMPANY)

04/1996 to 03/2003

Senior Auditor/Project Manager/Agency Manager/Collections Manager – Had various positions and responsibilities during my tenure.

- Conducted professional internal and external audits to ensure compliance with federal, state and OCC policies and procedures
- Performed on-site and off-site (vendor sites) visual examination and review of business records, reports, and investigation of practices
- Identified, mapped, and developed policy and procedures to ensure departmental goals were met
- Oversight of five (5) Auditors, identified areas of concern, reviewed processed and reengineered for most efficient and cost effective manner
- Interviewed new vendors, through successfully negotiating new contracts and renegotiating terms and conditions with existing vendors, increased revenue and relationships; oversaw an internal/external team of up to 35 nationwide agencies
- Itemized processes, mapped out audit and reengineered for efficiency, compliance to regain losses due to unethical bankruptcies

Education & Professional Development

Certified Green Belt in Six Sigma BPI (Business Process Improvement)
Luther College – BS (Finance)

Elye Sackmary

Professional Experience & Accomplishments

GILA CORPORATION; Austin, Texas

2004 to Present

Director of Operations- Manage Operations Department with 42 employees. Oversee department's receipt, posting and deposit of 200,000 payments per month through mail, credit card and check by phone, Money Gram and cash payments tendered at company's headquarters. Responsible to ensure zero shortages with over \$150 million in payment transactions annually.

Prepare annual department budget and maintain cost per employee ratio while continually examining methods by which to further reduce that figure. Provide final approval on employee hiring and terminations. Work closely with all corporate officers to assist with revenue forecasting, client contract review, company policy review and planning of company wide expense reduction.

- Developed and implemented lockbox processing model within the company capable of processing up to 2 million payments annually
- Increased payment transaction accuracy rate from 96% to 99.99%
- Reduced departmental voluntary attrition by 80%
- Reduced departmental expense by over \$250,000 in two years

AT&T WIRELESS SERVICES, Austin, Texas

2001 to 2003

Customer Service Agent, Level II (Mentor/Lead)- Managed day to day performance of 8-10 customer service employees, reporting aberrations to quad supervisor for correction. Maintained required CPH and availability levels and ensure quality guidelines were adhered to on all calls. Responded to customer escalations as needed.

- Awarded "top performing team" twice within the company and nominated four times
- Boosted CPH for team by "1"

RMH TELESERVICES, Austin, Texas

1998 to 2001

Call Center Night Manager- Inbound multilingual third party verification for MCI WorldCom. Managed evening operations for all language queues. Maintained required CPH and availability levels and ensured quality guidelines are adhered to on all calls. Responded to customer escalations as needed. Reviewed termination decisions

Education & Professional Development

Applied Arts and Sciences, Texas State University (In Progress)
BAI Graduate School of Retail Banking – Graduated with Great Distinction
Associate's of the Arts (AA), Santa Rosa Junior College
American Society of Public Administrators (ASPA)
Certified Public Manager, C.P.M. (In Progress)
Future Business Leaders of America Professional Member (FBLA)

A. Lee Rigby

1918 W. 40th Street
Austin, Texas 78731
h: 512.751.7104

221 W. Sixth Street, Ste. 1100
Austin, Texas 78701
o: 512.225.5813

Experience: **Smith, Robertson, Elliott, Glen, Klein & Bell, L.L.P.**

Austin, Texas (May 2003 – present)

Litigation Associate. Primary practice area: sophisticated commercial litigation involving substantial disputes in the business, real estate and governmental arenas; significant first and second chair trial experience; recent practice highlights include:

- Developed, implemented and managed national litigation strategy for one of the country's largest retailers;
- Substantial involvement in litigation in numerous states regarding contractual disputes for large retailer against one of the country's largest commercial landlords; and
- Primary management and responsibility for active litigation docket involving approximately 35 active files.

Hays County District Attorney's Office

Volunteer Prosecutor (2005) – served as first chair prosecutor for approximately 50 jury trials in order to gain significant first chair trial experience.

Fulbright & Jaworski L.L.P.

Dallas, Texas (January 2002 – May 2003)

Associate. Primary practice area: commercial litigation – significant responsibility for and involvement in management of a discovery team of 15 attorneys based in Cleveland, Ohio; responsible for monitoring, drafting and responding to discovery for international client's litigation in the southeastern United States.

Education: **Baylor University School of Law, Waco, Texas**

Juris Doctor Degree, January 2001

Grade Point Average: 3.034 / 4.0 ~ Top 20% in Class (Spring 1998)

Baylor Law Roy C. Flock Scholarship – scholarship for academic achievement

Clemson University, Clemson, South Carolina

Bachelor of Arts, Spanish & International Trade – International Trade concentration

Grade Point Average: 3.73 / 4.0 ~ *Magna Cum Laude*

Admissions: Admitted to the State Bar of Texas, 2001; admitted to practice in all Texas courts

Activities: Austin Young Men's Business League—Board Member (2003 – present)
Real Estate Council of Austin—City of Austin Policy Committee Member
Austin Young Lawyers Association

Legal Action Network for Development Strategies (LANDS)—Member

Lower Colorado River Authority—Lake Austin Advisory Panel Board Member

International Experience: **The Magic Bean, Quito, Ecuador, S.A. (Spring 1996)**
Managed hostel and restaurant for international travelers

Professional Experience & Accomplishments

GILA CORPORATION, Austin, Texas

8/2007 to Present

Director, Collections Support- Oversee Operations Support Department, Business Intelligence Projects and New Implementations.

- Manage entire staff of Gila Group: First Party Collection Agents
- Facilitate projects from their conception through to completion, including the Professional Practices Management Systems (PPMS) certification program

JANAL GLALOBAL SERVICES, INC., Austin, Texas

12/2005 to 8/2007

Business Unit Manager- Manage and grow a \$5 million set of accounts including customers: Apple, Acer and MPC.

- Responsible for profit and loss, and ensuring accounts generate positive EBITA
- Generate sales from existing accounts and have increased revenues by 30% in three months
- Run day to day activities including production, customer service, engineering and material planning

INCLINE GTS, INC., Austin, Texas

3/2003 to 12/2005

Global IT Director/Materials Manager- Responsible for setting and executing company's direction and plans in terms of automation, support and business systems. Also responsible for forecast and purchasing of materials for the production teams.

- Reported directly to the CTO, and set company's direction for the convergence of business systems, wide area network and support structure
- Directed development of new corporate business system, which has been praised as 'best in class' by customers.
- Implemented a private IP network among facilities to provide secure transmission of data and communications.
- Established a corporate web portal to provide a repository for all company data. Integrated with business systems to provide a central location for visibility into plant metrics.
- Developed and recruited worldwide IT organization and structure to support all facilities and provide development capacity for internal projects.
- First phases of all of the above projects were implemented in under 1 year and on schedule.
- Developed and implemented forecast tools identifying trends in receipts by model, failure modes and part requirements for repair processes that improved our buying accuracy

BLACK DIAMOND TECHNOLOGY, Austin, Texas

8/1995 to 3/2003

President- Built software consulting and development company from the ground up. Provided full life cycle development of commercial software projects with companies ranging from Fortune 50 to start ups.

- Emerson Process Management - Full life cycle development of a commercial application for a high risk, industrial environment. Custom drivers for proprietary hardware and interfaces for wireless handheld devices were also developed. Worked extensively with management, sales and existing customers to develop requirements.
- AISD - Developed a handheld application for Pocket PC platform to manage student information. Commercialized and marketed under a strategic partnership with AISD.
- eCertain - Consulted on the design and implementation of a web site providing people with a secure document transfer service. One of the first dot coms to adopt an ASP model.
- McKesson / Baker APS - Consulted, assisted, and trained internal development group that produced a commercial system to automate the prescription filling process. This application consisted of proprietary device drivers to run remote hardware, including robotics. Also directed all interface development between their turnkey solution and customers business systems, typically run in mainframe environments such as VMS and Unix.
- High Technology Solutions - Provided strategies to convert legacy applications into Windows environments.

BEST I.C. LABORATORIES, Austin, Texas

1993

Senior Software Engineer- Process automation utilizing automated equipment and software in the semiconductor industry.

- Designed and developed business systems used for shop floor tracking, cycle time analysis and ERP
- Managed small support staff that evaluated, maintained and acquired robotic equipment and other automated machinery.

Education

B.S. in Mechanical Engineering, The University of Texas, Austin

Laura Likon

Professional Experience and Qualifications

GILA CORPORATION, Austin, Texas

2007 to Present

Senior Manager, Client Services- Responsible for department to be the primary customer relationship owner for the MSB Portfolio.

- Client Relations: Provide the client with consistent updates on performance with continual opportunities to improve margins.
- Client Services: Ensures that organizational goods or services consistently meet client needs and that client is fully informed.
- Client Management: Proactively communicate to sales, senior and executive management the tracking and trending of the client performance and opportunities.

Senior Manager, Operations Support

- Developed and implemented PMO to track and drive all projects to achieve corporate strategic goals.
- Project manager in charge of achieving The Association of Credit and Collection Professionals (ACA) PPMS Certification.
- Designed and implemented a database process for storing tracking and archiving all projects related to business improvements, nonconformities, and new client implementations.
- Developed new client implementation process.
- Executed data analysis process for trending corporate portfolio.

HARCOURT EDUCATION GROUP, Austin, Texas

2003 to 2007

Director of Technology Services/Senior Applications Manager- Key consultant and implementation manager for enterprise technologies and process solutions for multiple business units. Generated cost justifications and recommendations to executive team. Acted as liaison in the design of customized solutions that address the unique needs of multiple business units and products. Directed and continually managed program-level activities and tasks to operating and capital budgets.

- Reduced product development costs by 7.25% and production schedules by 12% implementing an enterprise integrated, database-managed workflow.
- Reduced asset management costs by 11% and production costs by 5.5% managing an enterprise digital asset management system and archive process.
- Executed organizational change management to align business processes to new technology.
- Led development team to determine requirements of an enterprise publishing system.
- Increased staff skill sets with education and other learning opportunities.
- Managed project plans and timelines, writing specifications, documentation and evaluation of project results.

HARCOURT SCHOOL PUBLISHERS, Orlando, Florida

1998 to 2003

Technical Production Manager- Examined and implemented production development standards and training programs for new technology and change processes. Created automation opportunities within workflow processes. Managed to multi-million dollar product development budgets and maintained dept. expenditure records. Implemented organizational changes that resulted in increased volume of output and reduced turnaround times.

- Project managed the development of a test item, content-managed database with offshore development partner.
- Analyzed product content and organization.
- Standardized product development process with "cookbook" of standards and process steps.
- Trained and developed vendors to use new "cookbook" process that resulted in lower production charges.

WINTER PARK BLUEPRINT & COLOR GRAPHICS, Winter Park, Florida

1996 to 1997

Production Supervisor- Manager of large format, on-demand color printing department, two shifts.

- Streamlined procedures and training resulting in lower overtime needs.
- Handled budgets for large and small format color digital equipment purchases.
- Provided technical support for MAC and PC platforms and internal business network.

Education & Professional Development

Bachelor of Arts – Communications, University of West Florida
Graduate, Harcourt Leadership Development Program, 2005
Certified PMI PMBOK (Project Management Body of Knowledge)
Member PMI

Numerous seminars and workshops in the areas of leadership, people management, and risk management.

Benjamin H. Long

Professional Experience & Accomplishments

GILA CORPORATION, Austin, Texas

03/2006 to Present

Network Services Manager- Full project life cycle responsibility for the enterprises' core applications, network infrastructure, and VoIP phone system.

- Involved in executive level strategic planning.
- Lead Network Engineer responsible for implementing / maintaining 40+ multi vendor VPN tunnels.
- Liaison between telecommunication providers, finance, and executive direction.
- Improved voice QoS through network vlan configuration.
- Identifies opportunities to automate business processes to gain efficiencies.
- Manage projects from inception, analysis, design, user acceptance testing, and implementation.
- Key contributor for budget forecasting and adherence.
- Actively involved in development and design of core applications, systems, and websites.
- Demonstrate leadership needed for project success.
- Communicate project statues timely and accurately ensuring all functional business unites are in sync.

VERIZON BUSINESS

08/2000 to 3/2006

Team Lead -Lead a team of 11 engineers and developers in the enterprise systems automation organization. Responsible for full project life cycle of implementing a monitoring infrastructure capable of supporting Hardware, OS, Application, and Database management for the enterprise.

- Ensure 99.8% server availability by providing automated management solutions.
- Security engineer responsible for locating and securing vulnerabilities in Windows, UNIX, and HPUNIX operating systems.
- Project lead for the coordination of hardware deployment, installation, and functionality for 5 government contracts.
- DBA, Oracle 7, 8, and 9, for approximately 8 system administrators/engineers.
- Primary DNS engineer / administrator for 2 DoD government contracts.
- Lead engineer responsible for building, configuring, testing, deploying, and training for Cisco works 2000 RWAN and HP Open View network node manager.
- Monitored system level backups using Veritas NetBackup.
- Recommended project solutions to management by organizing and leading product evaluation meetings with Cisco and Nortel.
- Coordinated circuit and equipment turn-up between circuit activation team, local site contact, network operations center, and customer.
- Assured five government contracts remained within a \$4 million budget by managing all procurement related activities.
- Exceeded an aggressive installation schedule by coordinating system deployment with installation team for 35 remote sites.
- Meet with customer to determine level of customer satisfaction and take appropriate actions to increase level of service.

Education & Professional Development

Master of Science, Information Technology Management & Consulting, University of Texas at Dallas

Bachelor of Business Administration, Management Information Systems, Texas Tech University,

Cisco Certified Network Associate, CCNA

Interactive Intelligence Certified Engineer, VoIP PBX Architecture

BMC Software Certified Engineer, *Patrol Monitoring Architecture*

Oracle Certified Associate, *OCA Database Administrator 9i*

Microsoft Certified Systems Engineer, MCSE

Technical Skills

LAN/WAN	Security	MARS	Telecom
CRS	SIP	VoIP	ASA
Windows NT/XP/2003/Vista	Linux	UNIX (Solaris)	VPN

**FINANCIAL STATEMENTS
GILA CORPORATION
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**



RSM McGladrey Network
An Independently Owned Member

Lockart, Atchley & Associates, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

James E. Lockart, CPA
Karen E. Atchley, CPA
Nancy E. Boyd, CPA
Dan A. Shaner, CPA
Evonne G. Jones, CPA
Joyce J. Smith, CPA
Harold F. Ingersoll, CPA
Ronny Armstrong, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Gila Corporation
Austin, Texas

We have audited the accompanying balance sheets of Gila Corporation (a Texas Corporation) as of December 31, 2009 and 2008, and the related statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 the 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, the financial statements referred to above present fairly, in all material respects, the financial position of Gila Corporation as of December 31, 2009 and 2008, 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.

Lockart, Atchley & Associates, L.L.P.

Austin, Texas
February 17, 2010

Gila Corporation
Balance Sheets
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash	\$ 10,585,789	\$ 11,558,344
Accounts Receivable, Net of Allowance for Doubtful		
Accounts of \$19,549 and \$34,862	2,575,897	2,885,720
Prepaid Expenses	88,737	54,629
Total Current Assets	13,250,423	14,498,693
Fixed Assets		
Property and Equipment	3,759,737	3,193,823
Accumulated Depreciation	(2,565,621)	(1,958,375)
Property and Equipment, Net of Depreciation	1,194,116	1,235,448
Non-Current Assets		
Deposits	55,213	65,074
Notes receivable	215,476	195,177
Goodwill	247,507	247,507
Total Non-Current Assets	518,196	507,758
TOTAL ASSETS	\$ 14,962,735	\$ 16,241,899
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable - Trade	\$ 21,366	\$ 324,396
Accounts Payable - Client	7,607,132	9,902,311
Other Payables	323,797	382,647
Accrued Expenses	871,938	780,024
Current Portion of Capital Leases	-	114,472
Total Current Liabilities	8,824,233	11,503,850
Long-Term Liabilities		
Capital Leases, Net of Current Portion	-	26,069
Total Liabilities	8,824,233	11,529,919
Equity		
Common Stock, \$.10 Par Value, 100,000 Shares Authorized		
11,110 Shares Issued and Outstanding	1,111	1,111
Paid-In Capital	1,828,026	1,828,026
Retained Earnings	4,309,365	2,882,843
Total Equity	6,138,502	4,711,980
TOTAL LIABILITIES AND EQUITY	\$ 14,962,735	\$ 16,241,899

See Notes to Financial Statements.

Gila Corporation
Statements of Operations and Retained Earnings
Years Ended December 31, 2009 and 2008

	2009	2008
Revenue	\$ 30,017,351	\$ 25,820,813
Expenses		
Personnel Expense	16,077,250	14,030,069
Service Costs	5,080,800	5,113,161
General and Administrative Expense	3,566,664	3,873,342
Total Expenses	24,724,714	23,016,572
Net Operating Income	5,292,637	2,804,241
Other Income and Expenses	188,855	197,683
Net Income	5,481,492	3,001,924
Retained Earnings, Beginning of Year	2,882,843	2,407,055
Distributions Paid	(4,054,970)	(2,526,136)
Retained Earnings, End of Year	\$ 4,309,365	\$ 2,882,843

See Notes to Financial Statements.

Gila Corporation
Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Net Income	\$ 5,481,492	\$ 3,001,924
Adjustment to Reconcile Net Income to Net Cash		
Provided by Operations:		
Depreciation	674,546	857,679
Loss on Disposition of Assets	919	54,070
Provision for Doubtful Accounts	47,380	49,990
(Increase) Decrease in:		
Accounts Receivable	262,443	(471,305)
Prepaid Expense	(34,108)	45,523
Deposits	9,861	(12,886)
Increase (Decrease) in:		
Accounts Payable - Trade	(303,030)	300,967
Accounts Payable - Client	(2,295,179)	(76,512)
Other Payables	(58,850)	(142,099)
Accrued Expenses	91,914	305,983
Net Cash Provided by Operating Activities	<u>3,877,388</u>	<u>3,913,334</u>
Investing Activities		
Purchase of Fixed Assets	(634,133)	(557,990)
Loans to Employees	(151,285)	(149,408)
Collections on Loans to Employees	130,986	19,561
Net Cash Used by Investing Activities	<u>(654,432)</u>	<u>(687,837)</u>
Financing Activities		
Distributions Paid	(4,054,970)	(2,526,136)
Repayments of Capital Leases	(140,541)	(283,820)
Net Cash Used by Financing Activities	<u>(4,195,511)</u>	<u>(2,809,956)</u>
Net Increase (Decrease) in Cash	(972,555)	415,541
Cash - Beginning of Year	<u>11,558,344</u>	<u>11,142,803</u>
Cash - End of Year	<u>\$ 10,585,789</u>	<u>\$ 11,558,344</u>
Supplemental Disclosure-Interest Paid	<u>\$ 370</u>	<u>\$ 27,461</u>

See Notes to Financial Statements.

Gila Corporation
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Business Activity

Gila Corporation (the Company), d/b/a Municipal Services Bureau and Gila Group, is a Texas Corporation, wholly owned by its parent corporation. The Company has two major areas of business expertise, government collections and customer relationship solutions for financial institutions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all investments purchased with the maturity of three (3) months or less to be cash equivalents.

Accounts Receivable

The Company utilizes the allowance for doubtful accounts method of accounting for bad debts. This method is a generally accepted accounting principle. It provides for the matching of expense of bad debts against the revenues from which they were generated. Generally accepted accounting principles require the use of an allowance for doubtful accounts to be set up with a provision made each period to an asset contra account, based on the Company's experience rate of collectability. As bad debts occur, they are charged against this account rather than to an expense account.

Fixed Assets

Fixed assets are stated at cost. Maintenance and repairs are charged to expense as incurred. Depreciation is computed principally by the straight-line method over the estimated useful life of the respective asset, as follows.

Furniture and Fixtures	5 - 7 years
Computer Equipment	5 years
Software	3 - 5 years
Telephone Equipment	3 - 7 years
Leasehold Improvements	5 - 7 years

Leasehold improvements are depreciated over the shorter of the term of the lease or their estimated useful lives.

Income Taxes

The Company is a qualified subchapter S subsidiary for federal income tax purposes. Therefore, the Company does not pay federal corporate income tax on its taxable income. All of the Company's tax items are treated as belonging to the parent company.

Gila Corporation
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue

The Company provides services to its clients under a variety of contractual arrangements and records revenue in the form of contracted service fees and collection-based revenue. Revenue for service fees is recognized when billed and revenues for collection services is recognized when the collections have been made.

Advertising

The Company follows a policy of charging the costs of advertising to expense as incurred. Advertising expenses for 2009 and 2008 were \$30,150 and \$19,735, respectively, and are included in General and Administrative expense in the financial statements.

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Fixed Assets

Fixed assets consist of the following at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Telephone and Other Equipment	\$ 1,440,154	\$ 1,237,760
Computer Equipment	862,485	569,630
Software	687,171	562,820
Leasehold Improvements	489,128	542,814
Furniture and Fixtures	280,799	280,799
	<u>\$ 3,759,737</u>	<u>\$ 3,193,823</u>

Depreciation expense was \$674,546 and \$857,769 for the years ending December 31, 2009 and 2008, respectively.

Gila Corporation
Notes to Financial Statements
December 31, 2009 and 2008

Note 3 - Goodwill

In 2005, the Company recorded goodwill in the amount of \$247,507 as a result of the purchase of Busch Management, Inc. FASB Accounting Standards Codification 350, *Intangibles - Goodwill* (FAS-142, *Goodwill and Other Intangible Assets*) requires goodwill to be allocated and tested at the reporting unit level (Gila Group) and be subject to impairment testing on an annual basis. The Company's reporting unit is Gila Group and has been tested at December 31, 2009 and 2008, with no impairment indicated.

Note 4 - Leases

The Company had capital lease agreements with independent third parties. Assets under these capital lease agreements are included in fixed assets and consist of telephone, computer equipment, and software with an original cost of \$828,635 and accumulated depreciation of \$677,530 as of December 31, 2008. The agreements were paid off in February 2009.

The Company also leases its facilities and other equipment under long-term operating leases. All such leases with independent third parties have varying expiration dates including renewal options through July 2012. Total rent expense was \$545,923 and \$516,145 for the years ending December 31, 2009 and 2008, respectively.

Future annual minimum facilities and equipment rentals at December 31, 2009, are as follows:

	Operating Leases
Year ending December 31,	
2010	351,184
2011	351,793
2012	209,072
Total minimum lease payments	<u>\$ 912,049</u>

Note 5 - Lines of Credit

The Company has a revolving line of credit with its lead financial institution as follows:

A line in the amount of \$1,000,000 is secured by accounts receivable and accrues interest at prime rate. The line matures on May 31, 2010. The Company had not drawn on this line and there are no outstanding balances at December 31, 2009 or 2008.

Gila Corporation
Notes to Financial Statements
December 31, 2009 and 2008

Note 6 - Pension Plan

The Company has a 401(k) plan covering all qualified employees. The qualifying period at December 31, 2009 is six months. In 2009 and 2008, the company matched 50% and 40%, respectively, of the employee contributions up to a total of 6% of qualified earnings. Pension expense for the years ending December 31, 2009 and 2008, was \$111,958 and \$55,381, respectively. All of these amounts are included in personnel expense in the financial statements.

Note 7 - Concentrations

Concentration by client:

As of December 31, 2009 and 2008, approximately 39% and 47%, respectively, of the Company's revenue and 76% and 71% of the Company's trade receivables were attributed to income collected under an agreement with a single customer.

Concentration by institution:

The Company maintains its demand deposit accounts with several institutions located throughout the United States which are 100% insured. The Company also has deposits in interest bearing accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2009 there were no uninsured amounts. The Company entered into automated sweep agreements with some of these institutions to take all amounts and automatically invest them through Repurchase Agreements every night. The invested amounts are not subject to FDIC insurance, but are secured by pools of U.S. Treasury, Federal Agency, and Government Sponsored Enterprise Securities.

Note 8 - Subsequent Events

The Company's management has evaluated subsequent events for disclosure through February 17, 2010, the date the financial statements were available to be issued.



Gila Corporation

Gila Corporation

**Report on Controls Placed in Operation and Tests of Operating
Effectiveness in Compliance with Statement on Auditing Standards
No. 70**

During the period from April 1, 2009 through September 30, 2009

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Section I – Report of Independent Service Auditor

Board of Directors
Gila Corporation

We have examined the accompanying description of controls pertaining to the Gila Corporation. (the Company). Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Gila Corporation's controls that may be relevant to a user organization's internal controls 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 those aspects of internal control contemplated in the design of Gila Corporation's controls, and (3) such controls had been placed in operation as of September 30, 2009. The control objectives were specified by the management of Gila Corporation. 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.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Gila Corporation's controls that have been placed in operation as of September 30, 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 those aspects of internal control contemplated in the design of Gila Corporation's controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in Section III to obtain evidence about their effectiveness in meeting the related control objectives described in Section III, during the period from April 1, 2009 through September 30, 2009. The specific control objectives, controls, and the nature, timing, extent, and results of the tests are listed in Section III. This information has been provided to user organization customers of Gila Corporation and to their auditors to be taken into consideration, along with information about internal control at user organizations, when making assessments of control risk for user organizations. In our opinion, the controls that were tested, as described in Section III, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section III were achieved during the period from April 1, 2009 through September 30, 2009. However, the scope of our engagement did not include tests to determine whether control objectives not listed in Section III were achieved; accordingly, we express no opinion on the achievement of control objectives not listed in Section III.

The description of controls at Gila Corporation is as of September 30, 2009, and information about tests of operating effectiveness of specific controls cover the period from April 1, 2009 through September 30, 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 Gila Corporation 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 (1) changes made to the system or controls; (2) changes in processing requirements; or (3) changes required because of the passage of time, may alter the validity of such conclusions.

The relative effectiveness and significance of specific controls at Gila Corporation 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.

This report is intended solely for use by the management of Gila, its clients, and the independent auditors of its clients and is not intended to be and should not be used by anyone other than these specified parties.

Holtzman, MacKenzie, Panaggio & Perkins, LLP

October 15, 2009