



CITY COUNCIL AGENDA ITEM

September 17, 2012

To: Michael W. Culpepper, Acting City Manager

From: Tom Darling, Director of Financial Services
Susan A. Leirstein, Purchasing Director
Gertrude Paraskevin, Information Technology Director
Cathleen A. Russ, Library Director
Lisa Burnham, Account Services Manager

Subject: Standard Purchasing Resolution 8: Best Value Award – Collection Agency Services

Background

On May 31, 2011, request for proposals (RFP) were received to provide two (2) year requirements of debt collection agency services for the City of Troy with an option to renew for three (3) additional years. Fifty-four (54) companies were notified via the Michigan Intergovernmental Trade Network (MITN) website with one (1) proposal received.

A committee of Cathleen Russ, Library Director; Gertrude Paraskevin, Information Technology Director; and Lisa Burnham, Account Services Manager, were the raters for the entire best value process. Each committee member independently rated the proposal received.

The collection services requested in the proposal documents included both delinquent library fines and delinquent City accounts that are unable to be assigned to the tax roll. The combined dollar amount of the City and Library delinquencies is around \$300,000.

Credit Bureau Collection Services, Inc dba CBCS was the sole proposer for these services. An informal interview was conducted with CBCS staff and the City's evaluation committee members to discuss the proposed collection process. Based on the proposal, informal interview, professional competence and excellent references, it was determined that CBCS would be a great fit for the City. For their services, CBCS will retain a 20% collection recovery fee for all collected accounts. No fee will be charged for uncollected accounts. The statute of limitations allows us to go back seven (7) years. However, the City will only pursue those accounts delinquent more than ninety (90) days or older, if previous attempts were made by the City to actively collect the balance due.

Fund Availability

Collection fees will be deducted from debt amounts recovered.



CITY COUNCIL AGENDA ITEM

September 17, 2012

To: Michael Culpepper, Acting City Manager
Re: Best Value Award – Collection Agency Services

Recommendation

City management recommends awarding a two (2) year contract for Collection Agency Services with an option to renew for three (3) additional years to the sole proposer, Credit Bureau Collection Services, Inc dba CBCS of Columbus, Ohio, as a result of a best value process.

The award is contingent upon the recommended bidder's submission of properly executed Agreement and proposal documents, including insurance certificates and all other specified requirements.

Attachments:

1. Executive Summary, Collection Agency Services.
2. Agreement for Collection Agency Services.
3. Non-disclosure Agreement

Approved As To Form and Legality:

Lori Grigg Bluhm, City Attorney



EXECUTIVE SUMMARY
COLLECTION AGENCY SERVICES

STATISTICS:

- ◆ **54 companies were notified via the MITN e-procurement website**
- ◆ **One (1) proposal was received**
- ◆ **CBCS received the highest score as a result of a best value process**

CBCS received the indicated final scores as a result of the proposal and pricing selection criteria.

Company	SCORE
CBCS	76

Attachments:

- ✓ Weighted Final Scoring of 80% includes Proposal and Price
- ✓ Evaluation Process
- ✓ Original Tabulation



WEIGHTED FINAL SCORING
Collection Agency Services

Final Score Calculation:

$$\begin{aligned}
 &40\% \times \text{Proposal Score} \\
 &40\% \times \text{Price Score} \\
 &\underline{20\% \times \text{Interview Score (Optional Phase)}} \quad \text{Deleted Phase} \\
 &100\% \qquad \qquad \qquad = \text{Final Weighted Score}
 \end{aligned}$$

In order to equate the pricing score to the weighted evaluation process scoring, 50 points was used to evaluate Proposal A and 50 points was used to evaluate Proposal B. – Note: 100 point basis for each phase -

Phase 5: Weighted Average Score for Price: 40%

	Weighted Criteria – Difference in Costs [1Proposal Rate – Lowest Proposal Rate) / lowest proposal rate] x available points	Final Weighted Score (x .40)
Vendors:		
CBCS	Proposal A: $\{1-(20\% - 20\%)/20\% \} \times 50 = 50$ Proposal B: $\{1-(20\% - 20\%)/20\% \} \times 50 = 50$	100 x .40 = 40

Phase 2: Weighted Average Score for Proposals: 40%

Raters:	1	2	3	Average	Final Weighted Score (x .40)
Vendors:					
CBCS	90	90	88	89	89 x .40 = 36

FINAL SCORE:

VENDORS:	CBCS
Price Score	40
Proposal Score	36
FINAL SCORE	76

*HIGHEST RATED VENDOR – RECOMMENDED AWARD



SELECTION PROCESS

CRITERIA FOR SELECTION

The identified Committee will review the proposals. The City of Troy reserves the right to award this proposal to the agency considered the most qualified based upon a combination of factors including but not limited to the following:

- A. Compliance with qualifications criteria
- B. Completeness of the proposal
- C. Financial strength and capacity of the company
- D. Correlation of the proposals submitted to the needs of the City of Troy
- E. Any other factors which may be deemed to be in the City's best interest
- F. Evaluation Process

Phase 1: Minimum Qualifications Evaluation (Pass / Fail)

Agencies will be required to meet minimum established criteria in order to go to the second phase of the process.

Phase 2: Evaluation of Proposals (40%)

Each Committee member will independently use a weighted score sheet to evaluate the proposals; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each agency for this phase of the process.

Phase 3: Interview Process (20%) – Optional

The City, at its option, will invite the top rated firms to participate in an interview. Each Committee Member will independently use a weighted score sheet to evaluate the Interview; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each firm for this phase of the process. Those being interviewed may be supplied with further instructions and requests prior to the interview. Persons representing the firm at the interview must be the personnel who will be assigned to this project.

Phase 4: Price (40%)

Points for price will be calculated as follows:

$$\text{FORMULA: } \{1 - (\text{Proposal Rate} - \text{Lowest Proposal Rate}) / \text{lowest proposal rate}\} \times \text{available points}$$

Note: 50 points will be used to evaluate the Proposal A and 50 points will be used to evaluate Proposal B.

Phase 5: Final Scoring and Selection

The company with the highest final weighted score will be recommended to the Troy City Council for Award.

40% Proposal Score (100 point base)
20% Interview Score (100 point base)
40% Price Score (100 point base)
100%

Note: The City of Troy reserves the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.

CITY OF TROY
TABULATION
COLLECTION AGENCY SERVICES

COMPANY NAME:

CBCS

PROPOSAL: TO FURNISH DEBT COLLECTION AGENCY SERVICES FOR THE CITY OF TROY

VENDOR QUESTIONNAIRE: (Yes or No)

Y

SIX (6) COPIES (Yes or No)

Y

INSURANCE: Can Meet
Cannot Meet
Signed Y or N

XX

Y

PROPOSAL A: LIBRARY

Collection % Recovery Fee **Collection % Recovery Fee** **Collection % Recovery Fee**

Debt Range:

\$ 5.00 - \$10.00

20%

\$10.01 - \$15.00

20%

\$15.01 - \$25.00

20%

\$25.01 - Over

20%

PROPOSAL B: OTHER ACCOUNTS

Collection % Recovery Fee

Debt Range:

Under \$100.00

20%

\$ 100.01 - \$ 500.00

20%

\$ 500.01 - \$ 1,000.00

20%

\$ 1,000.01 - \$ 5,000.00

20%

\$ 5,000.01 - \$10,000.00

20%

\$10,000.01 - Over

20%

EXCEPTIONS:

Blank

ACKNOWLEDGEMENT: Signed Y or N

Y

THREE FORMS:

Non-Collusion Y / N

Y

Legal Status Y / N

Y

Indemnification Clause Y / N

Y

ATTEST:

Sandra Kasperek
Cheryl Stewart
Julie Hamilton

Susan Leirstein CPPO CPPB
Purchasing Director

AGREEMENT FOR COLLECTION AGENCY SERVICES

This Agreement is entered into this _____ day of _____, 2012, between the City of Troy, a Michigan municipal corporation, whose address is 500 W. Big Beaver Road, Troy, Michigan 48084, (hereinafter referred to as "CITY") and Credit Bureau Collection Services, Inc. dba CBCS, (hereinafter referred to as "CONTRACTOR").

RECITALS

- A. WHEREAS, the CITY finds it necessary to utilize the services of the CONTRACTOR for delinquent account collections; and
- B. WHEREAS, the CITY wishes to engage CONTRACTOR to provide these services.

Now, therefore, in consideration of the covenants and agreements contained herein, CITY and CONTRACTOR agree as follows:

1. **SCOPE**. During the term of the Agreement, CONTRACTOR shall provide debt collection services as defined in CITY'S Request for Proposal (RFQ-RFP 10-41) and the Instructions, Scope of Work and Specifications and CONTRACTOR'S response to Request for Proposal which are incorporated and made a part of this Agreement as though fully set out herein. If there is a conflict between this Agreement and the incorporated documents, this Agreement shall control. The CONTRACTOR shall furnish all labor, materials, and equipment necessary and perform all of the work as set forth in this Agreement in strict accordance with the scope of work and other documents which have been made a part of this Agreement in the manner, time, and place as therein set forth.

2. CONFIDENTIALITY OF RECORDS: Data files and records of the CITY are of a confidential nature. The CONTRACTOR'S employees assigned to these cases shall only be allowed access to the CITY'S records as needed for their duties related to the Agreement. The CONTRACTOR shall maintain positive policies and procedures for safeguarding the confidentiality of such information. CONTRACTOR may be liable civilly or criminally under privacy legislation for unauthorized release of such information. The CONTRACTOR shall maintain confidentiality of all documents and information provided to the CONTRACTOR by the CITY, except as to disclosure required by State and Federal laws and regulations, and as stipulated by Contract.

3. ELECTRONIC INTERFACE: In a manner acceptable to the CITY and using security standards set by the CITY for electronic data transmissions, the CONTRACTOR will send the required automated electronic interfaces using CITY record formats. The CITY will provide delinquent account records in an electronic format to the CONTRACTOR.

CONTRACTOR shall be required to refer all CITY accounts in an interface or other correspondence by an identifier specified by the CITY. CONTRACTOR shall provide user support services during agreed upon business hours.

CONTRACTOR must produce reports for all collection efforts and payment activity in a format determined by the CITY. Collection amounts will be electronically imported to the City's financial software in a format acceptable to the CITY or provided through hardcopy reporting, as determined by the CITY. All personal identifiers of all debtors must receive the ultimate in safeguarding.

4. **COLLECTION REQUIREMENTS:** CONTRACTOR will participate in periodic meetings either at CITY locations or teleconferencing. The CITY will set the date and time for regularly scheduled meetings. CONTRACTOR or CITY may request a meeting in addition to regularly scheduled meetings.

CONTRACTOR must maintain access with a national database of names and addresses as well as access to all major Reporting Bureaus and be capable of meeting trends in the industry.

CONTRACTOR shall employ a Certified Public Accounting (CPA) firm subject to peer review to perform an annual financial review of the accounting records of the CONTRACTOR. A copy of the financial statements will be forwarded to the CITY promptly after the completion of an annual review. An internal audit report may be submitted at the discretion of CITY. This determination will be made in the first quarter of each calendar year.

CONTRACTOR will submit to on-site performance audits by CITY when and if desired by the CITY with at least five (5) business days prior written notice. Any exceptions or findings shall be remedied by CONTRACTOR within CITY approved timeline from the CITY'S notification to the CONTRACTOR. The audit scope shall not be limited by the CONTRACTOR. CITY will have access to all CONTRACTOR records and personnel for the purposes of these audits.

CITY must approve all text in any correspondence issued to a delinquent customer.

CONTRACTOR will provide a rate of return at or above the national average. The national average shall be the median overall liquidation rate as reported each year

in the ACA Benchmarking Survey - government category. If the rate should consistently fall below this average it could result in termination of the Agreement.

CONTRACTOR shall abide by all federal and state laws and regulations and shall not use tactics which may be interpreted as harassment, demeaning or reflect poorly on the CITY'S collection efforts. CITY will review and disallow any collection enforcement procedure not consistent with CITY'S desires.

CITY requires that CONTRACTOR employ high ethical standards in their collection philosophy and techniques and provide proper training to its employees regarding these standards.

CONTRACTOR must conduct all collection efforts in the United States utilizing properly trained personnel.

CONTRACTOR shall conduct specific steps and processes to achieve the highest rate of return.

CONTRACTOR shall pursue collections on all debts referred to it by the CITY and remit to CITY all monies the CONTRACTOR collects on such debts less any applicable fees on a monthly basis to the CITY.

CONTRACTOR will be responsible for all costs and recover said costs after the principle amount has been paid in full to the CITY

CONTRACTOR will not institute any legal actions on the CITY referred accounts without prior written approval of the CITY'S Finance Director or designee.

5. CITY ACCOUNT CANCELLATIONS: The CITY may cancel debtor's account at anytime without incurring any cost from the CONTRACTOR.

6. CONTRACTOR FEES AND PAYMENT TO CITY: CONTRACTOR shall retain the collection recovery fee of 20% as detailed in their Request for Proposal response. These fees shall cover any and all costs incurred by the CONTRACTOR for the performance of comprehensive collection services as contemplated in this Agreement, e.g., including skip trace costs. No fee shall be charged for accounts not collected.

For all accounts referred by the CITY, unless otherwise instructed, the CONTRACTOR fee shall be added by the CONTRACTOR to the principal amount of the debt, collected by the CONTRACTOR from the debtor, and deducted by the CONTRACTOR prior to remitting the principal amount to the CITY.

CONTRACTOR shall remit collections obtained to the CITY on the first (1st) of each month with supporting report information, including, but not limited to, amounts collected, from what source and a computation of deductions.

Should there be changes in laws or City policy which prescribe/allow a different method for recovering CONTRACTOR fees, CONTRACTOR shall modify its methods accordingly. CONTRACTOR is expected to alert the CITY of such changes and act upon instruction from the CITY accordingly.

7. REPORTING: CONTRACTOR shall maintain a comprehensive computerized system to report account status, collection statistics and other information as required by the CITY on a basis or for any additional reports required by the CITY. The CITY anticipates that it will be requesting reports, including but not limited to: cash activity reports; cash activity by case type reports; weekly, monthly, quarterly and annual conversion reports; monthly aged trial balance reports, monthly history analysis reports; remittance statements; monthly cancellation reports; ad hoc reports; rate of return reports, citizen

complaints; and timeliness reports. CONTRACTOR will provide such reports within a reasonable time at the request and discretion of the CITY.

8. DELINQUENT ACCOUNTS: Delinquent accounts will be sent to the CONTRACTOR each year in April, with the exception of the first year of the Agreement. For the first Agreement year, delinquent accounts will be forwarded to the CONTRACTOR within thirty (30) days of Agreement award.

9. UNCOLLECTED ACCOUNTS: CONTRACTOR shall return accounts as uncollectible either at the request of the CITY or when collection authority expires.

10. PERSONNEL AND EQUIPMENT: CONTRACTOR shall provide its own hardware and software for connectivity to its system. CONTRACTOR shall require that its personnel follow the CITY'S Code of Ethics and any confidentiality policies furnished by the CITY.

CONTRACTOR shall utilize properly trained staff and adequate facilities capable of properly and expeditiously pursuing all CITY accounts referred. CITY requires that CONTRACTOR assign a City General Manager to this Agreement that shall be responsible for the collection staff and overall performance of the CONTRACTOR. No reassignment of the agreed upon General Manager will be allowed without the Agreement of the City of Troy Finance Director or his / her designee. CONTRACTOR shall retain on file a record indicating that all collection personnel have read and understand all provisions of the Fair Debt Collection Practices Act and any other laws regulating their activities, as now in effect or hereafter amended.

11. LEGAL REQUIREMENTS: CONTRACTOR shall handle and process all accounts referred by the CITY in strict conformity with all applicable Federal and Michigan State laws, and any applicable laws that may be enacted.

CONTRACTOR shall not initiate any legal action against debtors without the CITY'S prior written consent.

12. BACKGROUND CHECKS: CITY may require background/criminal checks during the course of the Agreement for essential City purposes. CITY does not intend to request background checks/verifications unless essential in the opinion of the CITY. The cost of all background checks will be borne by the CONTRACTOR.

13. TERM OF AGREEMENT: This Agreement shall be in effect for two (2) years unless terminated by CITY as otherwise set out herein. CONTRACTOR'S recovery rates shall not be changed during the entire Agreement period. Within ninety (90) days of the expiration of this Agreement, the CITY may at its option renew this Agreement for a three (3) year period under the same rates, terms and conditions as set out in this Agreement upon mutual consent of both parties. A request by the CITY staff to determine the CONTRACTOR'S interest in renewing the Agreement in no way obligates the City. The option cannot be exercised without Troy City Council approval.

14. TERMINATION OF AGREEMENT: CITY shall be the sole judge of inadequacy of performance under this Agreement. CITY reserves the right to take any or all of the following actions because of inadequate performance on the part of the CONTRACTOR.

- a. CITY MAY TERMINATE AGREEMENT FOR ANY REASON DEEMED TO BE IN ITS BEST INTEREST. Before CITY exercises its right to

terminate this Agreement, CITY will afford CONTRACTOR an opportunity to respond within seven (7) calendar days to allegations of inadequate performance levels. The City Manager or designated City representative shall have absolute discretion to make a decision to terminate this Agreement, subject only to the approval of City Council. Written notification shall be given within thirty (30) days of termination.

15. INSURANCE REQUIREMENTS. CONTRACTOR shall carry general liability insurance, automobile insurance, workers compensation, and employers' liability insurance for any actions, claims, liability or damages caused to others arising out of the performance of this Agreement in amounts approved by the CITY. CITY shall be named as an additional insured on the general liability, automobile policies using the following wording: "City of Troy, including Architects and Engineers, all elected and appointed officials, all employees and volunteers, board, commissioners and/or authorities and their board members, employees, and volunteers - additional insured on ISO Form B or broader." CITY shall be notified of any cancellation of that insurance within 30 days. The cancellation clause shall read: "Should any of the above described policies be canceled before the expiration date thereof, the issuing insurer will mail 30 days written notice to the additional insured." Cancellation or lapse of the insurance shall be considered a material breach of this Agreement and the Agreement shall become null and void unless the Contractor immediately provides proof of renewal of continuous coverage to the CITY. All insurance carriers shall be licensed and admitted to do business in the State of Michigan and acceptable to the CITY. Proof of insurance

meeting these requirements shall be provided to the CITY before execution of this Agreement.

CONTRACTOR is responsible for any deductibles to any of the policies. CONTRACTOR shall furnish three (3) complete copies of the acceptable Certificates of Insurance. If any of the policies expire during the term of the Agreement, CONTRACTOR shall deliver renewal certificates and/or policies to CITY'S Risk Manager, at least ten (10) days prior to the expiration date.

16. INDEMNIFICATION AND HOLD HARMLESS. To the fullest extent permitted by law, CONTRACTOR agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Troy, its elected and appointed officials, employees and volunteers and others working on behalf of the City of Troy, against any and all claims, demands, suits, or loss, including all costs connected therewith, and for any damages which may be asserted, claimed or recovered against or from the City of Troy, its elected and appointed officials, employees, volunteers or others working on behalf of the City of Troy, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which arises out of or is in any way connected or associated with the execution of activities by the CONTRACTOR as outlined in this Agreement or as relating to or resulting from those activities.

17. ASSIGNMENT OF AGREEMENT / INDEPENDENT CONTRACTOR:

CONTRACTOR shall have no authority or power to assign, sublet and/or transfer any rights, privileges or interests under this Agreement without prior written consent from the CITY. CONTRACTOR acknowledges that it is an independent contractor with no authority to bind the CITY to any contracts or agreements, written or oral.

18. **NOTICE:** All written notices to be given under this Agreement shall be via first class mail to the other party at its last known address set forth herein.

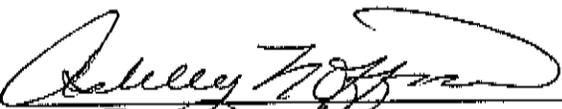
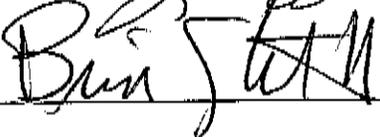
19. **GOVERNING LAW AND JURISDICTION:** This Agreement is made in and shall be governed by the laws of the State of Michigan. Any lawsuits under this Agreement shall be filed in the Oakland County Circuit Court, Michigan.

20. **HEADINGS.** Pronouns and relative words herein used shall be read interchangeably in the masculine, feminine or neuter, singular or plural as the respective case may be.

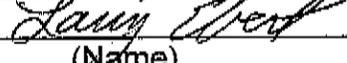
21. **ENTIRE AGREEMENT.** The foregoing constitutes the entire Agreement between the parties and may be modified only by a written instrument signed by both parties.

22. **AUTHORITY TO EXECUTE:** By execution of this Agreement, the respective parties acknowledge that each has executed this Agreement with full and complete authority to do so.

WITNESS:

1. 
2. 

CREDIT BUREAU COLLECTION SERVICES, INC. dba CBCS:


(Name)
President
(Title)

CITY OF TROY:

By _____
Janice Daniels, Mayor

M. Aileen Bittner, City Clerk

City Manager or Designee

Resolution Number: _____

APPROVED AS TO FORM AND LEGALITY:

By _____

Lori Grigg Bluhm, City Attorney

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

This Confidentiality And Nondisclosure Agreement (the "Agreement") is entered into as of this ____ day of August, 2011 by and between Credit Bureau Collection Services, Inc. dba CBCS, an Ohio Corporation, with its principal offices at 250 E. Town Street, Columbus, Ohio 43215, ("Disclosing Party") and the City of Troy, Michigan ("Receiving Party"), (sometimes collectively referred to as "Parties").

RECITALS

The Parties acknowledge the purpose of this Agreement is to maintain the confidentiality and prevent the unauthorized disclosure of the Disclosing Party's Confidential Information as defined below in Section 1 while not violating the Receiving Party's obligation to release information under the Federal and State of Michigan Freedom of Information Acts ("FOIA").

The Receiving Party requests to review Confidential Information for the purpose of conducting an investigation or evaluation of the Disclosing Party's financial condition, insurance coverage and creditworthiness pertaining to their existing and/or contemplated business relationship.

The Disclosing Party is willing to entrust, plans to, shall furnish or has already furnished such requested Confidential Information to the Receiving Party only subject to the terms and conditions set forth within this Agreement.

The Parties agree to enter into this Confidentiality and Nondisclosure Agreement whereby Disclosing Party discloses Confidential Information to Receiving Party and Receiving Party agrees to safeguard such Confidential Information in strict accordance with this Agreement.

NOW, THEREFORE, in consideration of the foregoing promises and mutual covenants hereinafter contained, the parties, intending to be legally bound, hereby agree as follows:

1. Definition of Confidential Information. "Confidential Information" shall mean all information or material that has or could have commercial value or other utility in the business in which the Disclosing Party is engaged, and any information, including, but not limited to, financial information, proprietary information, trade secrets, budgets, projections, and other corporate documentation. "Confidential Information" shall also mean (a) any account number, required security code, password or similar form of access number or access code for a credit card account, deposit account, transaction account or loan account of Disclosing Party or its customer, or (b) "Nonpublic Personal Information" of a customer (as defined in Section 509(4) of the Gramm-Leach-Bliley Financial Services Act (the "GLB Act") (15 USC 6809) and its implementing regulations (12 CFR 573.3(n))). If there is a discrepancy between this definition of confidential information and the definition of confidential information as set out in FOIA, FOIA shall control.

Confidential Information may be written oral, recorded, or contained on tape or on other electronic or mechanical media. Confidential Information also includes all information derivatives from any Confidential Information, such as customer lists and transaction patterns. Confidential Information also includes nonpublic information that Disclosing Party designates as being proprietary or confidential or that, under the circumstances surrounding disclosure should, in good faith, be treated as proprietary or confidential by the Receiving Party, including non-public information relating to subsidiaries and affiliates, products and services, the marketing or promotion of such, customer accounts or systems research, projects in development, products, software, trade secrets, procedures, processes, business policies or practices, financial, technical and other non-public

information concerning them, together with notes, analyses, compilations, or other documents prepared by Disclosing Party or their respective representatives based upon, containing or otherwise reflecting such information and information received from others that Disclosing Party is obligated to treat as confidential. If there is a discrepancy between the provisions of this Paragraph and the requirements set out in FOIA, FOIA shall control.

The Confidential Information may also include, but is not limited to, information relating to the Disclosing Party's business, financial matters, collection strategies and processes, sales' marketing, customers and strategic plans and other aspects of the Disclosing Party's business, financial condition and operations. . If there is a discrepancy between the provisions of this Paragraph and the requirements set out in FOIA, FOIA shall control.

2. Exclusions from Confidential Information. Receiving Party's obligations under this Agreement do not extend to information or portions of Confidential Information that: (a) is publicly known at the time of disclosure or subsequently becomes publicly known through no fault of the Receiving Party; (b) becomes available on a non-confidential basis from a source which is not prohibited from disclosing such information; (c) is discovered by or created by the Receiving Party before disclosure by the Disclosing Party; or (d) is disclosed by Receiving Party with Disclosing Party's prior written approval.

3. Release of Information to the Public: Any documents in Receiving Party's possession are subject to release under the Federal and Michigan Freedom of Information Act ("FOIA") unless expressly exempt there from. Receiving Party has a FOIA policy in place concerning review and release of documents. FOIA requires release of documents within 5 days of the receipt of the request unless a 10 day extension is exercised by Receiving Party. Receiving Party shall make the determination as to whether requested documentation in its possession must be released under FOIA. Receiving Party agrees to give Disclosing Party a copy of the FOIA request when it is received for Disclosing Party's documents to allow Disclosing Party an opportunity to obtain an immediate preliminary injunction against Receiving Party preventing release of the documentation requested.

4. Obligations of Receiving Party. Except as set out in Paragraph 3, Receiving Party agrees to hold and maintain the Confidential Information in strictest confidence for the sole and exclusive benefit of the Disclosing Party. Receiving Party shall not share, furnish, sell, publish, copy, or otherwise disclose any Confidential Information to any third party or affiliate with the prior written approval of the Disclosing Party, except if requested under FOIA in which case Paragraph 3 shall apply. Receiving Party also agrees to strictly restrict access to the Confidential Information to its necessary employees, contractors, and third parties as is reasonably required, and shall require those persons to sign nondisclosure restrictions. Receiving Party has no rights with respect to Disclosing Party's Confidential Information other than those rights granted by this Agreement. The Receiving Party shall ensure its agents, employees, and contractors (with access to the Confidential Information) shall comply with the terms of this Agreement. Further, the Parties agree that obligations in this Agreement shall be binding on the representatives, assigns and successors of the Parties.

5. Return of Confidential Information. Within thirty (30) days of written request, Receiving Party shall return to Disclosing Party any and all records, notes, and other written, printed, or tangible materials in its possession pertaining to Confidential Information. If Return is not feasible, Receiving Party shall continue to protect Confidential Information per the terms of this Agreement.

6. Oversight. The Parties agree that the Disclosing Party is authorized to make reasonable inquiries of the Receiving Party concerning compliance with the terms of the Agreement. The Parties agree that the Disclosing Party may require the Receiving Party to take reasonable protective measures where the Receiving Party's measures are found to be lacking. Except as set out in Paragraph 3, in the

event that Disclosing Party's Confidential Information is compromised, Receiving Party shall promptly notify Disclosing Party of any security breach of the Receiving Party's operations (e.g. system, process or premises,) including unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of Confidential Information main-tained by Receiving Party. Such notification shall be made within forty eight (48) hours after discovery of the security breach. If required by Disclosing Party, Receiving Party will cooperate with Disclosing Party to help Disclosing Party regain possession of the Confidential Information and prevent further unauthorized use. *Notification by Receiving Party shall be made by telephone to Disclosing Party's Legal Department at 614-493-5713 and in writing, delivered by expedited courier (e.g., Federal Express), to CBCS, 250 E. Town Street, Columbus OH 43215, Attention: Legal Department.*

7. Remedies. Since unauthorized use or distribution of Confidential Information will constitute a breach of this Agreement and will substantially diminish the value of the Confidential Information, the damaged party will be entitled to any damages available under law.

8. Relationships. Nothing contained in this Agreement shall be deemed to constitute either party a partner, joint venture or employee of the other party for any purpose.

9. Indemnification. The Receiving Party and Disclosing Party agree to mutually indemnify, defend, protect and hold the other party harmless from and against any and all damages, costs or expenses (including attorneys' fees and costs), whether direct, indirect, consequential or special to the extent such damages, costs or expenses are caused by or arise out of any breach of any provision of this Agreement by either or either parties employee, officer, agent, affiliate, or contractor.

10. Headings. Headings of the paragraphs in this Agreement are for reference purposes only and shall not be deemed to have any substantive effect.

11. Waiver. The failure to exercise any right provided in this Agreement shall not constitute a waiver of prior or sub-sequent rights.

12. Severability. If a court finds any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best reflect the intent of the parties.

13. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. This Agreement shall not be modified, except in writing signed by the authorized agents of each party.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, the jurisdiction to which the parties hereby submit. The Parties hereby consent to the exclusive jurisdiction of the federal and state courts within Oakland County, Michigan in any action brought in connection with this Agreement.

15. Survival. All obligations created by this Agreement shall survive change or termination of the parties' business relationship.

IN WITNESS WHEREOF, the Parties, through their respective authorized representative, have executed this Agreement as of the date first above written.

DISCLOSING PARTY: CREDIT BUREAU COLLECTION SERVICES, INC.

By: Larry Ebert

Name: Larry Ebert

Its: President

RECEIVING PARTY: _____

By: _____

Name: _____

Its: _____