


# Memorandum



**Date:** August 1, 2012

**To:** Honorable Chairman Joe A. Martinez  
and Members, Board of County Commissioners

**From:** Carlos A. Gimenez  
Mayor 

**Subject:** Status Report on Sale of Accounts Receivables

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This memorandum is in response to Resolution R-1007-11, which directed: 1) prepare and advertise a Request for Proposals or other appropriate procurement mechanism to sell County uncollectible accounts receivables, and 2) provide recommendations to the Board for approval on such actions.

## Background

The Internal Services and Finance Departments prepared and advertised a Request for Information Proposal (RFI No. 40) which produced two responses. The two respondents, MuniServices and Duncan Solutions, provided background information and examples of their expertise with governmental agencies' collections such as traffic and parking tickets, and red light infractions (see attached). Additionally, both firms requested an opportunity to review and analyze the delinquent portfolios for possible revenue generation. The firms also noted the importance of having social security or driver's license numbers to help attain recovery, but stated the numbers were not mandatory. It is important to note, both organizations would purchase the entirety of the accounts receivable portfolios, thereby preventing the County from continuing with our current successful collection efforts.

Staff conducted research regarding the success of collection efforts by outside collection agencies, and also compared outside collection rates to that of the Credit and Collection Section of the Finance Department. The collection rate for the Credit and Collection section was **five percent** on all of the accounts in the portfolio. The collection rate for outside agencies was **0.05 percent**.

The Board may recall that staff also surveyed multiple local governments in Florida, as well as comparable counties across the country. Only two governments were identified who attempted to sell their receivables, the City of Los Angeles and the County's Public Health Trust. The City of Los Angeles sold their receivables at **\$0.0101** on the dollar, and did not reap the benefits expected. The Public Health Trust sold its accounts and received **\$0.0003** on the dollar, but was later sued by the purchasing company for breach of contract. The Public Health Trust had to halt any billing or collection efforts on each account sold to the company. The law suit resulted in a \$3.9 million dollar settlement payment to the company, and the Public Health Trust was ordered to place \$360 million worth of new accounts by December 2008 and another \$250 million in accounts the following year with the company filing the suit to attempt to collect. As a result, the selling of the accounts receivables, the Public Health Trust had to place \$613.9 million dollars of new debt with the company and was not allowed other attempts of collection on these accounts, and incurred the cost of 3.5 dedicated full-time employees to manage the settlement.

## Conclusion

It is our recommendation that Implementing Order 3-9 be followed so that all appropriate accounts receivables be referred to the Credit and Collection Section of the Finance Department. Although the County obtained useful information from the two respondents, there is no evidence that selling uncollectible accounts receivables will be beneficial to the County. The County stands to gain from the historically higher collection rate from its own Credit and Collection staff. Staff is also currently analyzing managerial and operational efficiencies to improve the performance of our credit and collection services.

If you have any questions, please contact Deputy Mayor Edward Marquez at 305-375-1451.

## Attachments

c: Robert A. Cuevas, Jr., County Attorney  
Office of the Mayor Senior Staff  
Credit and Collection Section Staff, Finance Department  
Charles Anderson, Commission Auditor

# Miami-Dade County



Response to Request for Information for  
**Market Research for Sale and Purchase  
of Uncollectible Accounts Receivables**

June 6, 2012



**Professional Account Management, LLC**  
633 W. Wisconsin, Ave., Suite 1600  
Milwaukee, WI 53203-1920

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Portions of this proposal contain valuable and protected information, ideas, know-how, concepts, processes and trade secrets that are the sole property of Duncan Solutions, Inc. and its affiliates. This protected data shall not be disclosed outside the proposal evaluation team and shall not be duplicated, used or disclosed in whole or in part for any purpose except the procurement process related to the subject Request for Proposals (RFP).

Release of confidential information may place Duncan Solutions at serious and irreparable competitive disadvantage in future procurements by providing our competitors with sensitive, confidential and proprietary information that would be unavailable to any third party but for the disclosure of this proposal. In the event that a third party makes a request for disclosure, please notify Duncan Solutions immediately in writing, so that we may have the opportunity to participate in any disclosure discussions and decisions.

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This response is presented by  
Professional Account Management, LLC  
a wholly owned and controlled subsidiary of Duncan Solutions, Inc.  
For simplicity, we routinely refer to our company as  
“Duncan Solutions” or “Duncan.”



June 6, 2012

Lydia Osborne  
Procurement Contracting Officer  
Department of Procurement Management  
lydiaos@miamidade.gov  
(305) 375-1291

**Subject: RFI for Market Research for Sale and Purchase of Uncollectible Accounts Receivables**

Dear Ms. Osborne:

On behalf of Professional Account Management, LLC, a Duncan Solutions company, I am pleased to submit this response to your Request for Information (RFI) regarding Uncollectible Accounts Receivable. We genuinely appreciate this opportunity to share our experience and insights with the County, and we believe the County's diligence in conducting this process will be rewarded with a more competitive and more rewarding procurement process.

While we have attempted to provide clear, concise responses to each of the questions included in the County's RFI, we fully anticipate that this exchange of information may lead to more questions. We are eager to engage in such a discussion, and to meet with representatives of the County to discuss this opportunity in person. Please let us know if such an opportunity may arise. Our primary contact person for this opportunity will be the head of our Florida office:

Tracey Bruch, CAPP  
866.353.7156 (Office)  
813.310.1764 (Cell)  
tbruch@DuncanSolutions.com

Thank you for your consideration, and we look forward discussing this opportunity with you further.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Kennedy".

James Kennedy  
Sr. Vice President – Sales & Marketing

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# I. Introduction

Professional Account Management, LLC (PAM) is a Duncan Solutions company and a registered collection agency, and has been a premier provider of delinquent collection services for 30 years. The company has significant industry experience in collecting a wide range of delinquent receivables including municipal court debt, parking, traffic and toll citation debt, criminal debt, and a variety of other municipal receivables. Based on our success increasing revenues for our clients, Duncan has been able to grow our collection account portfolio to more than 100 clients. We provide customer friendly, FDCPA-compliant services that reflect an extension of our clients' operations and focus on resolving every inquiry in a professional manner.

Whereas most other collections companies focus on commercial or consumer credit debt like credit cards or auto loans, Duncan focuses on the public sector. This is an important differentiator because government debt requires a unique approach. The client has important budgetary and policy goals, and the revenue from delinquent accounts can become an important alternative to raising taxes or issuing public bonds. Yet, these accounts must be treated with a special sensitivity as the violators represent residents and constituents that must be treated with an extra level of fairness and customer service.

## *Alternatives to Traditional Collections Approaches*

In its RFI, the County has expressed an interest in the sale of its uncollectible debt to a debt purchaser. The obvious benefit of such a program would be that the County would be able to eliminate a receivable from its books while receiving some value for the accounts, even if at a discounted rate. This is a transaction that is common in the private sector, but is still relatively rare in the public sector. This rarity is the result of multiple factors, but the most prevalent include:

- Complexity of the financial transaction itself
- Cost and difficulty of perfecting judgments and other similar steps to prepare for a debt sale
- Concern among various stakeholders that the price paid for debts is fair for the County and its taxpayers
- Public image and concern for how debtors (usually residents or visitors) will be treated by the private collection agency
- Collections methods available to municipalities that are not available to private collections agencies

Both directly and through partners, Duncan has had several experiences negotiating the sale of various debt pools from government agencies to private firms, and we would counsel that each of the issues noted above is a genuine area for concern, but that, under the right circumstances, that selling debts can

be an effective way of eliminating bad credits that the County no longer has the desire or resources to pursue.

However, there is one particular item in this list that we would urge the County to examine closely: *Collections methods available to municipalities that are not available to private collections agencies.* In particular, Duncan's core area of expertise is working with public agencies to collect debts related to vehicles and vehicle-related violations specifically, such as parking tickets, photo-radar or red light camera infractions, or toll violations. Our experience is that in many cases, there are collections techniques that are available for use in collecting debts that are only available so long as these debts are owed to a municipality. For instance, municipalities are often permitted to place a hold on a vehicle's registration for non-payment of many types of debts, or to apply a parking boot to a vehicle when parked on public space. Typically, once debts are sold outright to a private collections agency, these techniques are no longer permitted to be used to secure the payment of all or a portion of this debt.

Therefore, we strongly recommend that the County perform a careful analysis of each debt class being considered for sale through this process and determine whether the sale of this debt is the most effective means of generating value from its accounts receivable. Other alternatives which have similar benefits without many of the drawbacks include:

- A guaranteed, up-front payment for the right to collect a debt portfolio where all monies collected are retained by the contracted collection agency
- An advanced payment for a projected level of collections to be performed on a debt portfolio on a contingency fee basis

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## 2. Questionnaire

### 2.1 Market Research for Sale and Purchase of Uncollectible Accounts Receivables Questionnaire

#### Question 1

*1. Would Respondent be interested in an arrangement with the County to purchase the County's uncollectible accounts receivables?*

Yes, Duncan is interested in an arrangement with the County to purchase or otherwise secure the right to collect the County's uncollected debts. We would be interested in receiving details regarding the County's full debt portfolio or portions of this portfolio for our analysis in order to determine a fair price and an optimal contracting mechanism.

#### Question 2

*2. If interested, what information would the Respondent need from the County, other than the standard information, such as: name, balance on the account, and the date the account became inactive, to become interested in an arrangement with the County to purchase its uncollectible accounts receivables?*

For each debt portfolio, Duncan would need the following information to determine a likely value and develop an offer for the debt:

- Nature of the debt (how it originated)
- Original amount owed
- Total amount owed (including penalties, interest, etc.)
- Last known address(es), phone number(s), and other contact data
- History of contacts
- History of any disputes/claims/requests for adjustment of the debt
- Methods used to attempt collection



**Question 3**

**3. It is important to note that the County does not have contracts with our residents/customers, nor are we permitted to require social security numbers (SSNs) from residents, in order to provide them with service. Therefore, many of our accounts do not have SSNs associated with them. Would the Respondent require a social security/driver license number, before the Respondent will purchase the County’s accounts receivables?**

Duncan understands that the County is not able to provide Social Security Numbers (SSNs) as part of each account’s referral documentation. In general, while SSNs are valuable as part of a referral, they are not a prerequisite for the purchase of accounts receivable.

**Question 4**

**4. Describe the Respondent’s past performance and experience, especially in performing similar work for public entities, and state the number of years that the Respondent has been in existence, the current number of employees, and the primary markets served.**

Duncan is a global leader in delivering integrated solutions to address public sector parking, transportation, and violation management challenges. Through our product offerings and service bureau operations, Duncan has a lengthy record of successful partnership and operational performance across the US. Through our collection agency subsidiary, Professional Account Management, LLC (PAM), Duncan is a licensed collection agency registered and certified to collect debts nationally and internationally. Duncan has been a premier provider of delinquent collection services for 30 years. We have demonstrated strength in our nationwide presence and collection experience, as follows:

- Duncan currently provides comprehensive, results oriented delinquent collection services to more than 100 municipal clients nationwide
- Through our years of experience, Duncan is keenly aware of the sensitivities involved in collecting government debt

**Firm Profile**



Duncan Solutions is a global leader in transportation management, parking and citation management solutions, offering integrated capabilities across the entire spectrum including delinquent parking violation debt collections. Professional Account Management (PAM) is a registered collections agency and is the services division of Duncan.

**History & Experience**

- Over 75 years of experience providing solutions to government agencies.
- PAM has collected over \$100 million in revenues for our more than 200 clients

**Resources**

- **Number of employees: 300+**

## Question 5

**5. Does Respondent have expertise and/or experience in collecting accounts receivables for comparable-sized governments within the United States? Please briefly describe experience, including Respondent's involvement in each account referenced.**

Duncan has experience and expertise in successfully collecting debts on behalf of many of the US' leading cities and municipalities, including Miami-Dade County. Our primary collections capabilities focus on the recovery of debts related to vehicle-based violations, including parking tickets and toll violations. We perform such services for over 100 municipal collections clients, including Washington, DC; Atlanta, GA; Houston, TX; Milwaukee, WI; Pittsburgh, PA; and Raleigh, NC.

## Question 6

**6. Does Respondent have any other expertise or experience that Respondent believes would qualify it for the success of this endeavor?**

In addition to our experience as a licensed collection agency focusing on the recovery of debts owed to municipalities, Duncan has been a frequent participant in public-private partnerships including concessions and other complex contractual agreements wherein Duncan worked with investors and municipalities to structure long-term agreements that protected each party's interests while ensuring that the municipalities themselves obtained the best price possible for its asset. Should the size of the debt portfolios offered warrant it, this experience will allow Duncan to partner with investment firms that can raise significant sums of money as a financial investor on Duncan's team.

## Question 7

**7. Does the Respondent have the capability to effect collections in all 50 States, U.S. Territories or Commonwealths, as well as Caribbean nations, Canada and foreign countries?**

Duncan is licensed and certified to collect debts in all US states and territories, as well as various foreign countries depending on the nature of the debt. Where applicable, we are able to partner with specialist firms which allow us to supplement and enhance our collections capabilities in foreign territories.

## Question 8

**8. Given the information for the County above, is there a particular contract period of time that would further attract the Respondent to partner with the County for the purchase of its uncollectible accounts receivables?**

The contract period of time would need to be negotiated based on the nature of the debts. A key factor would be any statute of limitations or other legal restrictions which are applicable to an individual category of debt. Generally, it is Duncan's preference to secure a minimum of one year to effect collection on debts, and preferably a period of at least two years.

## Question 9

**9. How much would the Respondent be willing to pay for the accounts? If the exact amount is variable, then please provide the County with the formula used to determine how much the Respondent would pay for an organization's uncollectible accounts receivables.**

The amount likely to be offered for any particular debt pool would be highly variable depending on the age of the debt, the tactics already employed to attempt collection of the debt, the information currently known about the debtor, and the degree to which the debt has been perfected through a legal judgment process. Typically, depending on these factors, an offer for purchase of debts ranges from 10% down to 1% of the value of a debt pool.

## Question 10

**10. Would the Respondent be willing to purchase accounts receivables at different intervals of time (one year; two year; three years)? What impact would this arrangement have on the amount the Respondent will purchase during these intervals and the amount they are willing to pay for the accounts receivables? Are there different intervals that the industry utilizes besides annual?**

As the County might expect, the younger a debt portfolio is, the more likely it is that the collection agency will be able to achieve successful collections. Therefore, Duncan would generally be willing to offer a greater price for debts which are younger than for debts which have aged. Nonetheless, Duncan would simply factor the age of these debts into the price or offer we would be willing to extend to the County under a collection program.

## Question 11

**11. How frequently would the respondent need to receive updated balances from the County, once the Respondent has decided to purchase the uncollectible accounts receivables?**

Duncan would require additional information in order to be able to answer this question. Generally, it would depend on what activity might be occurring related to the account that is causing the balance to

change. Preferably, daily, weekly, or similarly frequent updates would be helpful to ensure that our activities are targeted on productive tasks and remain compliant with guidelines under the Fair Debt Collection Practices Act (FDCPA).

## Question 12

***12. What benefits, including reduction in cost, should the County expect by partnering with the Respondent versus the County performing the scope of work on its own?***

There are several reasons why partnering with a specialist collection agency, and Duncan in particular, can be beneficial for the County. First and foremost, Duncan brings specialized tools, methods, and resources which are unavailable to the County directly and which inherently render the debts more likely to be collected and therefore more valuable than they would be if collection were attempted by the County exclusively.

Furthermore, as the County is exploring opportunities for the sale of uncollectible accounts receivable, the other benefits of this approach would include:

- Elimination of debts owed to the County
- Generation of revenue for debts which would otherwise likely be “written off”
- Debts handled in compliance with FDCPA

## Question 13

***13. Describe how Respondent will accept transfer of accounts via electronic transmission, as well as, the process for accepting hard copy paper files.***

Duncan is able to accept files in a variety of formats via a variety of transmission methods, including secure FTP, Web Services interfaces, email attachments, MS Excel files, flat files, delimited files, and manual records. Depending on the format, the frequency of transmission, and the level of effort required to convert any data into usable formats (i.e., data entry of manual files), this may be an additional factor in determining the value of a given debt portfolio.

## Question 14

***14. Provide a list of lawsuits filed, open, current, and/or closed involving your organization with regard to the purchase of accounts receivable. Provide a brief description of the status or outcome of the lawsuit.***

Duncan has no history of lawsuits related to the purchase of accounts receivable.

## 2.2 Required Information

<b>Respondent:</b>	Professional Account Management, LLC
<b>Print Name &amp; Title:</b>	Tracey Bruch Director, Business Development
<b>Mailing Address:</b>	633 W. Wisconsin Ave., Suite 1600
<b>City/State/Zip:</b>	Milwaukee, WI 53203
<b>Company Location:</b>	Milwaukee, WI
<b>Main Products and Services:</b>	Single- and multi-space parking meters, handheld citation issuance devices, DMV information retrieval, parking citation processing, and delinquent collections
<b>Main Markets and Customers:</b>	Municipal government
<b>Number of Years on the Market:</b>	75 years in services to municipalities 30 years in the collection of municipal debts
<b>Respondent's Contact Name:</b>	Tracey Bruch
<b>Respondents Telephone Number:</b>	866.353.7156 (Office) 813.310.1764 (Cell)
<b>Respondent's Contact Email:</b>	tbruch@DuncanSolutions.com
<b>Respondent's Webpage:</b>	www.duncansolutions.com



# Miami-Dade County

## Market Research for Sale and Purchase of Uncollectible Accounts Receivables

June 6, 2012

David Macleod

Vice President, Client Services

MuniServices, LLC

205.423.4111

[NSP@MuniServices.com](mailto:NSP@MuniServices.com)



1. **Would Respondent be interested in an arrangement with the County to purchase the County's uncollectible accounts receivables?**

Yes. Muniservices would need to understand information about the portfolio being contemplated for purchase. With insight and information available on the debt pool(s) offered for purchase, coupled with our government collection experience and our parent company's support, we believe we could provide the County with an attractive long-term debt buying partnership. Our parent company, Portfolio Recovery Associates (PRA), is an acknowledged leader in the debt buying industry.

As such, we are very interested in an asset management approach that would enable the County to receive advance payment on their debt pools while retaining their governmental rights to collect these outstanding receivables. Muniservices innovative debt purchasing approach would have the government lease the economic rights to their debt and contract for the buyer to collection this debt on their behalf. Muniservices will work closely with our corporate affiliates to execute such a full-service debt buying partnership with the County.

2. **If interested, what information would the Respondent need from the County, other than the standard information, such as: name, balance on the account, and the date the account became inactive, to become interested in an arrangement with the County to purchase its uncollectible accounts receivables?**

Please see Attachment A – “Due Diligence Data Fields”; which we have added to our response that contains the standard file layout with the information we would need from the County. In addition to the Due Diligence Data, we also ask that the County also complete Attachment B – “Seller's Survey” – which provides detailed background information on the individual debt portfolios we would be evaluating for purchase.

3. **It is important to note that the County does not have contracts with our residents/customers, nor are we permitted to require social security numbers (SSNs) from residents, in order to provide them with service. Therefore, many of our accounts do not have SSNs associated with them. Would the Respondent require a social security/driver license number, before the Respondent will purchase the County's accounts receivables?**

While a social security number is important, neither a social security nor a drivers license number is necessary in order to offer for purchase a local government's debt pool(s). Social security numbers do improve the buyer's ability to accurately source and match customer data demographics that facilitate their ability to collect the debt and aid in the correct party verification. Availability of SSN and/or drivers license information will improve the overall value of any one debt pool and, consequently, the potential proceeds from the sale of the uncollected accounts receivable.



4. **Describe the Respondent's past performance and experience, especially in performing similar work for public entities, and state the number of years that the Respondent has been in existence, the current number of employees, and the primary markets served.**

MuniServices, LLC is a wholly owned subsidiary of Portfolio Recovery Associates, Inc. (PRA). PRA is a full-service provider of outsourced receivables management and related services, headquartered in Norfolk, Virginia. PRA began operations in 1996 and has been a public company, traded on NASDAQ under the symbol "PRAA," since 2002. PRA's complete Annual Report and other SEC filings are publicly available at [www.portfoliorecovery.com](http://www.portfoliorecovery.com). MuniServices provides municipal debt collection services to major cities across the United States including the cities of Washington, DC; Detroit; Philadelphia; and Los Angeles.

Operating as a wholly-owned subsidiary of a publicly traded company, MuniServices is governed by the Sarbanes-Oxley Act of 2002, and is audited throughout the year by a "big 4" auditing firm. MuniServices also undertakes an annual SAS-70 Type II Audit of its data and funds disbursement processes and associated administration procedures, and can provide a report from our latest SAS-70 audit upon request.

MuniServices was formed by PRA through the acquisition of Revenue Discovery Systems (RDS) in 2005, followed by the acquisition in 2008 of MuniServices, LLC, a California-based government services firm with nine of the ten largest cities in California as clients; and Houston-based Broussard Partners & Associates (BPA), a sales/use tax auditing firm specializing in providing tax audit services to local governments. As a result, MuniServices has over 30 years of combined experience in providing state and local governments with revenue administration, discovery/collections, and auditing services designed to ensure taxpayer and other revenue source compliance.

RDS, MuniServices, and BPA are now operationally integrated under the trade name Muniservices, ready to serve as the premier provider of revenue enhancement products and services for state and local governments throughout the United States. We have offices strategically located throughout the country and employ 260 professional managers and staff who are dedicated to the success of each jurisdiction that we serve. We work exclusively in the public sector, eliminating a perceived conflict of interest dealing with confidential taxpayer information. Services provided to our government clients include:

**Revenue Administration:** Outsourced administration of local revenues.

**Discovery/Collections:** Identify, notify, and collect from non-compliant businesses and individual taxpayers.





**Compliance Auditing:** Examination of taxpayer records for accuracy of tax filings.

**Misallocation:** Identify misallocated local sales/use, district, or property taxes.

**Additional:** Consulting and Revenue Information Services.

Our combined client base of over 800 clients nationwide includes city and county governments in Alabama, Arizona, California, Colorado, Florida, Georgia, Kentucky, Louisiana, North Carolina, Oklahoma, Pennsylvania, Texas, Washington, and the District of Columbia. The cities of Los Angeles, Sacramento, San Diego, Beverly Hills, Dallas, Houston, Detroit, Philadelphia, and Washington, DC are among the municipal governments for which we provide a variety of revenue enhancement services.

We have an established track record of providing our clients with consistent and quantifiable results recovering over \$2.4 billion in combined new tax revenue from our local government clients. The new tax revenue directly funds programs and services provided by the communities we serve. Our programs are also designed to help prevent tax revenue leakage through an array of focused tax administrative service offerings.

5. **Does Respondent have expertise and/or experience in collecting accounts receivables for comparable-sized governments within the United States? Please briefly describe experience, including Respondent's involvement in each account referenced.**

Yes. MuniServices currently services the Cities of Los Angeles; Detroit; Philadelphia; and Washington, DC. For the City of Los Angeles, we collect on delinquent sales tax, business license and utility user fee receivables. The partnership has generated \$150M in revenue for the City since 1992. We also serve the City of Detroit, where we collect on delinquent property and income tax receivables where we have recovered over \$65.5M. For Philadelphia, we collect delinquent property tax, business privilege and locals service tax receivables for a total of \$130M across two time periods of 1992-2001 and 2009 to the present. Since 1996 in Washington, DC we have focused on delinquent income taxes, corporate sales and use, withholding, real property tax, homestead and other exemption programs which have returned over \$27M to the District.

Additionally, our parent company, Portfolio Recovery Associates (PRA) has been a commercial debt buyer since 1996. PRA has purchased consumer debt and bankrupt debt from each of the largest commercial lenders in the United States. Since its formation, PRA has purchased accounts from approximately 150 debt owners. MuniServices and PRA are currently servicing approximately twenty five million accounts annually. For more information on PRA and its subsidiaries, please go to [www.portfoliorecovery.com](http://www.portfoliorecovery.com) and click on the Investor Relations tab.



6. **Does Respondent have any other expertise or experience that Respondent believes would qualify it for the success of this endeavor?**

MuniServices is able to leverage 30+ years of local government revenue enhancement experience through the outsourced administration (processing and compliance), audit, discovery and collection of hundreds of millions of dollars in government receivables on an annual basis. Additionally, MuniServices is fortunate to have the industrial strength financial and infrastructure support of its parent company, PRA, who is a national leader in the purchase and management of portfolios of defaulted and bankrupt consumer receivables. Specifically, PRA and its affiliates have purchased over \$64.6 billion in face value of debt since beginning operations in 1996. As a respected publicly traded debt buyer, we have worked with over 150 different sellers and purchased over 1,800 portfolios, providing examples of the industry experience we have, the capital stability we enjoy, and the breadth of experience required to purchase additional debt pool and account receivable portfolios.

7. **Does the Respondent have the capability to effect collections in all 50 States, U.S. Territories or Commonwealths, as well as Caribbean nations, Canada and foreign countries?**

Yes, we have the capability to effect collections on debts we purchase in all 50 states, U.S. Territories or Commonwealths within the corporate structure of our parent company, Portfolio Recovery Associates, Inc. (PRA) Currently, PRA corporate affiliates have applications pending in the UK and Australia. To date, PRA has not had a license application rejected or denied, continue in good standing in all states where licensed and therefore know of no reason obtaining licenses in any other countries where required would be an issue.

8. **Given the information for the County above, is there a particular contract period of time that would further attract the Respondent to partner with the County for the purchase of its uncollectible accounts receivables?**

MuniServices is very flexible in our ability to work with our clients' unique needs. Ideally, following an initial term, we could agree to a forward flow agreement where we would contract to "purchase" similar accounts at an agreed percentage of debt face value for a period of time utilizing the asset management approach described in our response to Question #1.

9. **How much would the Respondent be willing to pay for the accounts? If the exact amount is variable, then please provide the County with the formula used to determine how much the Respondent would pay for an organization's uncollectible accounts receivables.**



The price for accounts varies based on a number of different variables including, but not limited to, the type of debt, age of the accounts and previous collection strategies applied to the debt. We can provide a specific bid for the City's accounts once we have had time to evaluate a statistically representative sample as described in our proposal Attachment A – "Due Diligence Data Fields" and Attachment B – "Seller's Survey". Once we have had a chance to thoroughly review the debt pool(s) in question, we will be in a better position to offer the County any number of pricing models to consider.

10. **Would the Respondent be willing to purchase accounts receivables at different intervals of time (one year; two year; three years)? What impact would this arrangement have on the amount the Respondent will purchase during these intervals and the amount they are willing to pay for the accounts receivables? Are there different intervals that the industry utilizes besides annual?**

Yes. We would welcome the opportunity to bid on any accounts receivables the County was willing to sell. Typically, sellers receive a higher bid as a percentage of face value for more recent receivables given the increased likelihood of recovery.

Likewise, we would also be interested in working with the County to determine the most efficient transaction structure that would maximize recoveries and value for both parties. Higher purchase prices for debt pools can be achieved using an alternative asset management structure where the title of debt is retained by the government with economic interest leased to the debt buyer. This will allow the debt buyer to act as the government collections agent while utilizing recovery strategies only available to governments.

11. **How frequently would the Respondent need to receive updated balances from the County, once the Respondent has decided to purchase the uncollectible accounts receivables?**

As part of an asset management transaction, we would want to receive all payments received by the County after the transaction's closing on sold accounts. One potential way of handling this would be through a 'Direct Pay' process, which would take place monthly and involve sending the total amount of payments received and a detailed breakdown of those transactions to Muniservices.

12. **What benefits, including reduction in cost, should the County expect by partnering with the Respondent versus the County performing the scope of work on its own?**

MuniServices, with the support of its parent company PRA, is positioned to offer Miami-Dade County an experienced perspective to the purchase of delinquent government receivables concept. Our combined government experience coupled with PRA's commercial portfolio assessment acumen and core collection infrastructure makes us an



ideal partner for Miami-Dade's consideration. The strength of our corporate balance sheet together with our vast government revenue enhancement experience also provides a platform by which Miami-Dade can increase other revenue areas.

Importantly, MuniServices 30+ years of corporate experience in administering receivables on behalf of local governments has both required and enabled MuniServices to develop and implement the best practices applicable to a wide range of taxes, taxpayers, local ordinances and policies, and specific situations. The knowledge base developed through decades of experience in administering taxes paid by millions of taxpayers on behalf of hundreds of local governments is available to, and shared by, individual employees throughout the company and leveraged to meet the needs of our government clients. We are readily able to leverage a large employee base with many aggregate years of debt collection and collection compliance experience but likewise our employees' exposure to different receivable types in different jurisdictions in different states touching 700,000+ taxpayers will also provide significant indirect benefit to the County.

Economies of scale resulting from MuniServices' extensive client base and the need to quickly and efficiently bring on new clients every year, mandate that it is in our corporate interest to invest in and implement productivity improvements, and equip our staff with the tools necessary to maximize productivity, accuracy and compliance and attention to customer service. As an example, we have access to resources that many of our clients do not have. As part of PRA, MuniServices has a phone system with all of today's modern technology, including Automatic Call Distribution (ACD) loops and other functionality such as a sophisticated dialer system to contact taxpayers en masse should an issue require swift attention. Our staff is trained on, and their performance is tracked and measured by, a state of the art customer relationship management (CRM) tool which helps in conflict resolution and provides the proper audit trail should customer service issues arise. We are committed to providing our employees with other cutting edge tools, and internal access to real-time data that supports a continuous, proactive effort to ensure collection results and compliance.

Because MuniServices is not constrained to limit long-term investment in employee productivity based on current-year budgeting, we can afford to send employees to undergo training each year. Most of this training is not required by law, but is required by PRA's own standards to maintain the most productive and effective workforce as possible. In 2011 alone, some 100 employees underwent 2,425 hours of additional industry and/or personal/professional development training, which we think is critical to maintaining an effective, engaged and motivated work force.

Finally, MuniServices understands the sensitivity and political pressures associated with collecting government receivables. We believe it is invaluable to have a partner like



MuniServices, which brings the expert experience and knowledge for the day to day interaction with debtors.

13. **Describe how Respondent will accept transfer of accounts via electronic transmission, as well as, the process for accepting hard copy paper files.**

We can accept electronic account data transmissions through a number of methods including Microsoft Access databases, excel spreadsheets and delimited or fixed width text files sent in a secure, encrypted format.

All hard copy paper files can be mailed or forwarded directly to us for processing.

Please see Attachment A – “Due Diligence Data Fields”; which we have added to our response that contains the standard file layout with the information we would need from the County.

14. **Provide a list of lawsuits filed, open, current, and/or closed involving your organization with regard to the purchase of accounts receivable. Provide a brief description of the status or outcome of the lawsuit.**

None for MuniServices, LLC.

**Provide all of the information requested below**

<b>Respondent</b>	MuniServices, LLC, a wholly-owned subsidiary of Portfolio Recovery Associates, Inc (PRA)
<b>Print Name &amp; Title</b>	David L. MacLeod, VP, Sales and Business Development
<b>Mailing Address</b>	2317 3 <sup>rd</sup> Avenue North
<b>City/State/Zip</b>	Birmingham, Alabama 35203
<b>Company Location</b>	Primary offices located in Birmingham, AL, Fresno, CA, Houston, TX. Parent company headquarters in Norfolk, VA
<b>Main Products and Services</b>	revenue administration, discovery, audit, misallocation, compliance auditing and collections
<b>Main Markets and Customers</b>	800+ existing local government clients across 14 states.
<b>Number of Years on the Market</b>	Focused exclusively on the government services business for more than 30 years. Acquired by Portfolio Recovery Associates (PRA) in 2008. PRA was formed in 1996 and went public in 2002 (NASDAQ “PRAA”)
<b>Respondent’s Contact Name</b>	David L. Macleod
<b>Respondents Telephone Number:</b>	205.423.4111
<b>Respondent’s Contact Email:</b>	<a href="mailto:dmacleod@revds.com">dmacleod@revds.com</a>
<b>Respondent’s Webpage:</b>	<a href="http://www.muniservices.com">www.muniservices.com</a>

## Attachment A – Due Diligence Data Fields

### Data Formats (in order of preference):

1. Microsoft Access Database
2. Excel spreadsheet
3. pipe “|” delimited text file
4. fixed width text file

### List of Data Fields

Column Name	Data Type	Required Final	Evaluation Minimum	Note
Account Number	Text	X		
Debtor Last Name	Text	X	X	
Debtor First Name	Text	X	X	
Co Debtor Last Name	Text			If Available
Co Debtor First Name	Text			If Available
Debtor Date of Birth	date/time			If Available
Co Debtor Date of Birth	date/time			If Available
Debtor SSN	Text			<b>Highly Desirable to maximize valuation</b>
Co Debtor SSN	Text			If Available
Address 1	Text	X	X	
Address 2	Text	X	X	
City	Text	X	X	
State	Text	X	X	
Zip Code	Text	X	X	
Home Phone	Text	X	X	
Business Phone	Text			If Available
Cell Phone Indicator	Text			If Available
Co Debtor Address 1	Text			If Available
Co Debtor Address 2	Text			If Available
Co Debtor City	Text			If Available
Co Debtor State	Text			If Available
Co Debtor Zip Code	Text			If Available
Co Debtor Home Phone	Text			If Available
Co Debtor Business Phone	Text			If Available
Co Debtor Cell Phone Indicator	Text			If Available
Loan Date	date/time	X	X	
Last Paid Date	date/time	X	X	
Last Payment Amount	Number	X		If Available
Principal	Number			If Available
Interest	Number			If Available
Fees	Number			If Available
Current Balance	Number	X	X	
Total Sale Balance	Number	X	X	
Interest Rate	Number			If Available
Consumer / Business Indicator	Text			If Available
Loan Type (nature of the debt)	Text	X	X	
Agency Recall Level	Text			If Available
Seller	Text	X	X	
Originator	Text	X	X	Creditor at time of charge off
Judgment Date	date/time			If Account has a Judgment
Judgment Award Amount	Number			If Account has a Judgment
Judgment Interest Rate	Number			If Account has a Judgment
Judgment Filing Agency	Text			If Account has a Judgment

Payment History for each account is highly desirable for maximizing valuation.

## Attachment B: Seller Survey

**For Each Debt Pool Being Offered** - Please complete a questionnaire for each debt pool as completely as possible. If necessary, please attach additional documentation.

1. For this debt pool, please describe your internal collection unit, its collection activities and philosophy.

2. Have any accounts in debt pool been placed with outsourced collections agenc(ies)?

If so, what percentage of accounts?

If so, were these debts collected in the name of your government or in the name of the outsourced collections agency?

3. How many outside agencies have previously attempted to collect on these accounts?

4. How long were the accounts at each of the outside collection placement levels?

5. What outside collection agencies have these accounts been serviced by?

6. Under what circumstances were agencies allowed to retain accounts that should have been recalled?

7. Were outside collection agencies allow to extend any settlement offers? If yes, please describe.

Placement Level	Settlement %
In-house pre-placement	
Primary Agency	
Secondary Agency	
Tertiary Agency	
Quaternary Agency	

8. Are accounts in initial placement, in second or later placement, in a recalled from placement status, bankruptcy status, decreased debtor status, etc?

9. Have the accounts in this sale pool been recalled from placement with outside agency?

If so, when and using what recall criteria? Examples of recall criteria could include length of time since last payment part of the recall criteria payment balance, etc

10. What percentage of accounts has not yet been recalled from placement with an outside agency?

11. If the accounts are not recalled, when will they be recalled, and using what criteria?

12. If accounts have been recalled previously, how many efforts, agencies or attorneys groups have worked these accounts (please include any extra-ordinary efforts by in-house staff)?

13. Have any mass settlement campaigns been offered?

If so:

What percentage of accounts received a settlement letter?

How many settlement letters did these accounts receive, when were they mailed, and what amount of forgiveness was offered in each?

Were single payment or multi-payment settlement payments offers extended via letter?

14. Describe the collection efforts that have been applied to debt pool accounts since placement recall and prior to sale?

15. Specifically, what selection criteria have been used to identify accounts for sale (internal/external scoring, random, all available, etc.)?

If random, what percentage of accounts is being sold?

16. Have any of the debt pool accounts been scrubbed by client or by outside collection agencies to identify bankrupt and deceased customers?

17. Will the client have debt pool file scrubbed for deceased and bankrupt accounts before sale and placement with new debt collector?

18. What were your gross and net recovery rates at each debt collection agency placement level for debt pool accounts?

19. Will debt pool being purchased contain accounts that threatened to file bankruptcy? If so, what percent?

20. What type and percentage of documentation/media is available on the debt pool accounts?

21. How and under what terms will media be supplied to the buyer?

22. Is the resale of accounts permitted? If so, under what terms?