

City of Jonesboro, Arkansas

Proposal for Collection of Delinquent Warrants *RFP # 2009-20*

Due Date: April 29, 2009 at 2:00 PM

Contacts:

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Gary Bennett, Partner
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**Linebarger Goggan
Blair & Sampson, LLP**

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April 29, 2009

Mr. Steve Kent
Purchasing Agent
City of Jonesboro
515 West Washington Avenue
Jonesboro, Arkansas 72404

RE: RFP #2009-20 – Request for Proposal for the Collection of Delinquent Warrants for the City of Jonesboro

Dear Mr. Kent:

On behalf of the law firm of Linebarger Goggan Blair & Sampson, LLP (Linebarger Goggan), I am pleased to submit one original and four copies of our response to your Request for Proposal for delinquent warrant collection services. I am hopeful that our response will provide the information sought by the City of Jonesboro (City), as well as providing an introduction to our firm and our ability to provide unparalleled delinquent collection services on your behalf.

Linebarger Goggan has a **33-year track record** of providing first-tier collection representation for its government clients, and remains the largest law firm in the country providing such representation. Linebarger Goggan has combined the disciplines of law, specific collection expertise, accounting, and technology to form a collection program that has achieved unprecedented results for our clients. We currently represent **more than 1900 local, state, and federal government entities** in the collection of delinquent receivables. Our nationwide collection capabilities are precisely and effectively managed through our **45 law offices in 14 states** employing more than 1,300 collection professionals across the country. Established in 1976, our goal was and continues to be to provide governmental entities with a level of collection services that surpass the industry standard for collection agencies. We believe that our results support the fact that we consistently meet and exceed these goals, and our clients benefit from that success.

Linebarger Goggan collects delinquent court fees and fines – including outstanding warrant accounts that your City seeks to collect – for more than 500 separate courts nationwide. **We fully understand the nuances – legal, ethical and procedural – involved in handling collection efforts on a highly specialized debt portfolio consisting of outstanding court-issued warrants.** The strength and success of our law firm efforts annually generate approximately \$1 billion in delinquent receivable collections on behalf of our government clientele. Over the years and decades, we have gained the respect and loyalty of our clients because they have confidence in our people, our collection methods, and the results we achieve through our strong client partnerships. We are proud to have an opportunity to offer our services to the City of Jonesboro.

We believe that the City will benefit from hiring our law firm, rather than a general collection agency, to handle collection of your specialized outstanding warrant receivables. Initially, defendants generally perceive communications from a law firm as being more serious than other collection efforts. As such, **law**

firms generally obtain better collection results, and provide significantly higher "net back" dollars to the client, than efforts pursued by a typical collection agency. Your City may also receive additional benefit and protection from complaints and potential liability because, as a law firm, we must adhere to the stringent ethical requirements promulgated by the Arkansas Supreme Court, and the Courts of each State and jurisdiction in which we practice – a condition that collection agencies do not have to meet. Based upon our experience and client feedback, we believe that **we possess distinct and measurable advantages over our non-law firm competitors**. We hope to bring these inherent advantages to bear on behalf of your city.

Your City and staff will also benefit from the exceptional day-to-day operational advantages and efficiencies that will be noticed in working with our law firm collection team. Linebarger Goggan's **ability to adapt to the needs of its clients and perform at unmatched levels** has been measured and recognized by various associations. The firm recently became a Platinum Partner with the U.S. Conference of Mayors for being among the best public-private partnerships in America, a designation earned through winning three private partnership awards over a span of six years in the cities of Chicago, Dallas, and Houston. Linebarger Goggan is proud of its ability to customize our collection program to fit our clients' criteria and welcomes the opportunity to produce similar successes with your City.

We intentionally set forth to **build strong partnerships with our clients** with the intent of retaining the relationship for decades and lifetimes. We strive for client satisfaction through attentiveness to specific needs and preferences, designing and implementing a client-specific collection program, and meeting or exceeding the anticipated goals and expectations set by each client that we represent.

Along with the **superior technological resources** that will be at its disposal, the City will also benefit from the human resources and legal experience offered by a national law firm whose practice is focused on the collection of governmental receivables.


As Managing Partner for the Midwest regional offices of the firm, I am available to answer any questions the City may have regarding this contract and I will serve as the principal contact person for our firm. As an alternate, if I am unavailable, you may contact Partner Gary Bennett. Our contact information is as follows:

Scott McGlasson, Partner
Linebarger Goggan Blair & Sampson, LLP
819 Walnut, Suite 309
Kansas City, Missouri 64106
Phone: (816) 472-4333
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We hope that after reviewing this proposal you will conclude that Linebarger Goggan proposes the **most comprehensive services and best "net back" dollar value** for assisting the City with collection of your delinquent warrants. We will welcome the opportunity to work closely with the City to provide tailored court debt collection programs that provide the best possible service to Jonesboro and its citizens. Should you have any questions or comments, or desire additional information or explanation of our proposed services, please do not hesitate to contact me.

Respectfully submitted,


Scott McGlasson
Managing Partner

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Executive Summary

Linebarger Goggan Highlights

- ☑ *33 years of experience in collecting various government receivables*
 - ☑ *Nationwide collection capabilities from 45 offices in 14 states*
 - ☑ *Over 1,300 firm employees throughout the nation*
 - ☑ *113 attorneys with decades of collection and litigation experience*
 - ☑ *Over 250 highly-trained collection staff*
 - ☑ *Over 140 professional IT employees*
-

Government entities across the nation are struggling to maximize their revenue resources and contain costs in the face of economic issues and soaring expenses. Linebarger Goggan Blair & Sampson, LLP (Linebarger Goggan) is proud to offer the City of Jonesboro, Arkansas (City) our response for solutions to collect its delinquent warrants.

OUR VISION FOR DEBT COLLECTIONS

In order to design and provide a quality collection program that effectively **meets the individual needs of our clients and maximizes their collections**, our law firm personnel have a singular focus – total client satisfaction. Our firm achieves this goal by tailoring our comprehensive legal and collection services to the client’s criteria, by retaining professional and courteous legal and collection personnel, by developing and supporting the most advanced collection technology systems available, and by maintaining good personal communications with our clients and the communities they serve.

Significant investments are made in acquiring or developing advanced technologies and to sustain a high volume collection effort. The economies of scale required to justify this investment generally do not exist for a single governmental entity attempting to operate its own in-house collection program. That is where public-private partnerships can offer several benefits to government entities, like your City, and their constituents.

By contracting with Linebarger Goggan, the City can exponentially expand its collection resources at no out-of-pocket cost to the City and without unnecessarily spending taxpayer dollars. By outsourcing to a firm with a proven track record like Linebarger Goggan:

- City employees and warrant officers can focus on other critical operations and core services while law firm personnel dedicate their efforts to collecting delinquencies and increasing available revenue.
- We diligently pursue unpaid accounts, ultimately resurrecting the receivable and generating a new revenue source for the City.
- The City, as well as the defendants, receives services from a law firm highly experienced in handling and maintaining excellent public and constituent relations. We are sensitive to the nature of the debt being collected, and handle all matters with a view toward treating each defendant with dignity and respect. This professionalism ultimately provides insulation and protection against complaints, public relation issues and potential liability.

- Our contingency fee covers all operating expenses, including delinquent data processing, printing, postage, address research, skip-tracing, long distance phone bills, public notices, etc.

Understanding Warrant Collection Objectives

Linebarger Goggan has the resources and experience **to meet and exceed the City's expectations.** Our specific experience and understanding of the nuances of collecting court fees and fines provide us a vast advantage that will immediately increase revenues and benefit the City. **Collection of outstanding warrants and court fees and fines is a major focus and a core function of our law firm practice.** We are confident that our firm is fully prepared and best qualified to assist the City in carrying out its objectives:

- Collection of court debt – and particularly outstanding warrant accounts – involves specialized understanding of the particular characteristics of that debt type, as well as the legal processes and procedures required for collecting it. Our expertise has been developed over years of handling court collections for numerous court clients.
- We possess a broad understanding of relevant laws and issues involving the collection of court debt in Arkansas, and across the country. Additionally, we understand legal issues and procedures relating to the general collection of debt in Arkansas and beyond.
- Our collection efforts, including effective skip-tracing and defendant location capabilities, may benefit the City in numerous ways, including not only payment on accounts, but also by bringing “lost” defendants back into the court system for processing and resolution of their outstanding accounts.
- We analyze each debt portfolio in order to determine the most effective means for collecting the delinquency. We will develop a customized work plan with the approval of the City to help us meet your individual needs and maintain our target collections.
- We understand the sensitive nature of collecting in an environment where defendants are also constituents and neighbors. Every employee of the firm is fully cognizant of the need for confidentiality and security through all stages of the collection process.
- In addition to protecting the reputation of our government clients, our firm also strives to handle communications with the defendants in an appropriate manner. Our communications are firm, yet fair. We treat every defendant with respect and dignity and in a manner intended to reduce and minimize complaints.
- We take extensive steps on assuring that all client data and its transmission remains completely confidential.

- We can report all collection details to the City in any format and on any schedule required. The details regarding reports and schedules will be discussed during the implementation phase.

Based upon our extensive experience and expertise in handling the collection of delinquent Court debt, we have no reservations about our ability to meet or exceed the City's collection needs and provide services that exceed the industry standard.

ADVANTAGES OF A CITY PARTNERSHIP WITH LINEBARGER GOGGAN

Years of Collection Experience

With over **33 years experience in the collection of delinquent receivables** nationwide, our firm can provide the City with a truly comprehensive, effective, and successful collection program. We currently represent **more than 1,900 government entity clients** in the collection of delinquent receivables, including court fees and fines, parking and traffic violations, healthcare/EMS charges, property taxes, and numerous other fees, fines, and taxes. More details on our court collections are provided later in the section titled *Government Collection Experience*.

No Client is Too Big or Too Small for Superior Service

No client is too big or too small – our clients range from small towns and villages to the largest of cities, counties, states, and even the federal government – and **each receives unparalleled personal attention** and service. We understand every aspect of collecting outstanding warrant accounts and we are available to provide insight, suggestions, and answers to questions or issues that may arise during the contract. Our open communications will begin immediately upon contract award notification and will continue consistently through the contractual relationship. It is our intention to always make you feel that **you have a reliable and available partner** in the process.

Available Resources and Capabilities

We have over 1,300 employees, including more than 250 highly-trained collection staff, 140 IT professionals, and 113 attorneys. The firm currently handles in excess of 24 million accounts and receives new accounts daily. On average, the firm services approximately 2,500,000 delinquent accounts of all types and accepts roughly 200,000 new accounts for collection each month. With these resources and capabilities, we are confident that the firm has more than adequate resources to manage the City's project.



Customizable Collection Service Solutions

Linebarger Goggan offers the City a turnkey solution for collection services. Operational tasks **include developing effective mailings, skip-tracing services, call campaigns, payment processing**, and providing management reports to the City and **maintaining regular communication** with City personnel. Our service will also include all equipment (hardware and software), telecommunications devices, insurance, and security services necessary to complete collections tasks. Some of the features of the collection program that we offer the City are:



- Our Project Manager for this program, Scott McGlasson manages the firm's Midwest regional office and is familiar with the needs and expectations of the City. Mr. McGlasson has extensive experience in managing debt portfolios and will ensure that the technical and personnel resources are in place to provide the City with a superior collection program. He will provide direct contact information to the City and staff – **you will always have the ability to communicate directly with the attorney in charge of your project** on any and all issues that may require attention.
- Our law firm is well-positioned to keep the City abreast of changing laws and regulations affecting the City's collection program and will provide this service as a matter of our routine reporting, or sooner if a change in the law requires immediate action.
- We analyze our clients' debt portfolios monthly to determine the best methods for collection. We will offer recommendations to the City on ways of improving its internal efforts, as well as suggestions for enhancing our performance.
- Our own collection staff receives intensive, interactive training programs to ensure that they know and adhere to all laws and regulations pertaining to the collections industry. Additionally, our employees are trained to strictly observe the firm's policies regarding client confidentiality.
- We will handle all payments in accordance with the City's requirements.
- We will develop personalized work plans to improve the City's collections and recovery of costs.
- We will use several **nationwide locator services to find missing defendants**.
- We will send customized bilingual collection letters that will get the defendants' attention and encourage account resolution.
- We will use proprietary software and data processing technology to manage all aspects of the collection program, including advanced telephone collection software for management of outbound call campaigns by professional collectors to work with the City's defendants.

- We have the ability to assist in the representation of the City in the event that a defendant files suit in an attempt to avoid collection on a delinquent case, if required by the City.

Advanced Information Systems

Linebarger Goggan's collection program is managed using the Columbia Ultimate Business Systems, Inc. (CUBS) software, which our IT staff has **adapted and customized for the firm's applications**. This system combines the best of a traditional collections software platform with state-of-the-art enhancements that allow Linebarger Goggan to meet our clients' growing and specific needs for sophisticated software applications.

Linebarger Goggan is dedicated to optimizing collection efficiency and effectiveness while upholding the highest professional standards. Our collection program is very "hands on" and utilizes multi-faceted collection techniques. We merge advanced collection technologies with the talents of qualified collections personnel. We offer customized collection programs for our clients and are the industry leader in computer systems and software support for governmental collections. Further details regarding our technology are provided in the section titled *Collection Technology and Security*.

Simple Interface Implementation

Because an interface currently exists to allow for referral of accounts from your database to a collection vendor, it is highly likely that we will have the **ability to utilize your existing interface format** without the necessity of fully developing a new one from scratch. This will significantly reduce implementation time and cost by allowing for simplified and expedited interface functionality for this project's data management and transfer capabilities.

Our professional information technology management staff is available to communicate directly with your IT representatives to provide detailed information with regard to this initial development process. It is always the intent of Linebarger Goggan to provide sufficient staff, support, and resources to minimize the client expense for this initial development and implementation stage for the project.

Benefits to City Staff Productivity

After initial implementation, our firm does not foresee that the City staff will have to commit its resources to assist our firm in the performance of this contract. **The Linebarger Goggan team can and will successfully manage the day-to-day collection tasks on behalf of the City**, freeing up the City staff to work on other important matters. Most specifically, by handling those outstanding warrants that may be resolvable through our collection efforts, **the outstanding warrant load burden for the**

City's warrant officers will be reduced, thus allowing those officers to concentrate on more pressing warrant duties and job functions.

The Law Firm Advantage

The use of a collections law firm as a contractor brings significant value to the City.



- Defendants generally perceive the collection notices and phone calls from a law firm as being more serious than other collection efforts. As such, **law firms generally get better results than those of a typical collection agency.**
- Law firms better understand the legal issues and consequences involved in handling outstanding warrant collections. With this understanding comes **improved collection techniques, improved collection success, and better insulation and protection to the City** with regard to complaints and exposure to liability.
- Law firms can advise a client on collection laws/issues and provide legal representation/services when needed.
- Law firms have a **higher standard of professional conduct** to adhere to than ordinary collection agencies when performing all collection operations. As a law firm, we must adhere to the stringent ethical requirements of the State Bar of Arkansas and the Arkansas Supreme Court in addition to all federal and state laws and regulations affecting collection practices.
- Because of education, training, and experience, attorneys are well positioned to evaluate and interpret the vast and complex maze of federal and state statutes, regulations, court interpretations, and administrative determinations that govern the collection of delinquent receivables throughout the nation and U.S. territories.

CONCLUSION

The City's goal is to maximize its collection of outstanding warrant debt while minimizing the cost of this effort to the City. **Linebarger Goggan understands the City's goals and challenges**, and firmly believes that we have developed the best model for assisting the City in carrying out its objectives.

As a law firm with extensive experience in government collections, we are very well-positioned to offer the City a superior, full-service collection program. Throughout this proposal, we set forth our vast experience, dedication to superior technological systems and procedures, unparalleled performance, and overall industry reputation and success.

The firm welcomes the opportunity to discuss with the City a truly comprehensive program for collecting its delinquent warrant receivables and for enhancing its ability to manage its overall debt portfolios.

Firm Qualifications and Experience

We believe that we can offer the City the most comprehensive services and best value for performing collection activities and assisting the City with its outstanding warrant recovery and collections processes. Our demonstrated history in court collections across the nation speaks to our commitment to deliver a best-in-class collection program.

FIRM BACKGROUND AND GOVERNMENT COLLECTION EXPERIENCE

With almost 2,000 local, state, and federal clients, Linebarger Goggan is a national leader in collection services for governmental entities. Established in 1976, we made our mark among firms, **collecting approximately \$1 billion annually** for our clients. Those clients include towns and villages, cities, counties, and states across the country, as well as the federal government. We have gained significant expertise in handling government receivables, including specialized services such as warrant collections similar to those of your City. **Collection of court fees and fines –similar in nature to your delinquent warrant portfolio – comprises our largest concentration and emphasis.**

Our performance has resulted in **significant increases in collections** for the clients who have chosen to partner with us to collect their delinquent receivables.

Court Collections Experience

Linebarger Goggan has been widely recognized for the past 33 years for its success in collecting delinquent *ad valorem* taxes. Over the last decade, our law firm has also gained a **national reputation for success in collecting delinquent court fees and fines, including outstanding warrant portfolios**. Linebarger Goggan currently represents **more than 500 individual courts** throughout the nation in the collection of court fees and fines. By way of example, our court clients include various cities and counties such as:

Baltimore (MD)	Philadelphia (PA)
Dallas (TX)	Richmond (VA)
Denver (CO)	Round Rock (TX)
Houston (TX)	Saint Louis (MO)
Kansas City (MO)	Salt Lake City (UT)
Miami-Dade County (FL)	Tulsa (OK)
Orange County (CA)	Waxahachie (TX)

Collecting Debt Nationwide

Linebarger Goggan is licensed and/or authorized to **collect in all 50 states**, U.S. territories, and commonwealths. We have the ability to effect collections in Caribbean nations, Canada, and foreign countries and will meet any interstate collection requirements.

Professional Recognition

Linebarger Goggan has been professionally evaluated by several well-known independent parties and consistently receives high reviews.

- Member of the U. S. Conference of Mayors' Business Council and a Platinum Partner of USCM—a designation earned through the award of three public-private partnership awards over a span of six years. The former USCM President Mayor Douglas Palmer stated, *"any business that earns three public-private partnership awards with USCM has to be doing something right."*
- Winner, U.S. Conference of Mayors' 2007 Award for Outstanding Achievement in partnership with the City of Houston to redevelop blighted and abandoned properties in inner-city neighborhoods. Roughly 500 properties have been acquired by the Land Assemblage Redevelopment Authority for development into affordable housing.
- Winner, U.S. Conference of Mayors' 2004 Award for Outstanding Achievement in Partnership with the City of Chicago for collecting over \$24 million in delinquent receivables in less than two years and more than \$155 million to date.
- Winner, U.S. Conference of Mayors' 2001 Award for Excellence in Partnership with the City of Dallas – to date over \$937.9 million collected in delinquent tax revenue for the city and school district of Dallas.
- Ranked by our clients as "Excellent" in a survey conducted by Dun & Bradstreet.



Linebarger Goggan accepting the USCM Award 2007



Linebarger Goggan accepting the USCM Award 2004

COURT CLIENTS AND THEIR SUCCESS STORIES¹

We have included on the following pages some examples of Linebarger Goggan's collection recovery rates and performance for several of our current clients. These clients serve to illustrate our experience in collecting delinquent government receivables and court fees and fines debt. We are happy to provide additional information with regard to our performance successes for other clients as requested.

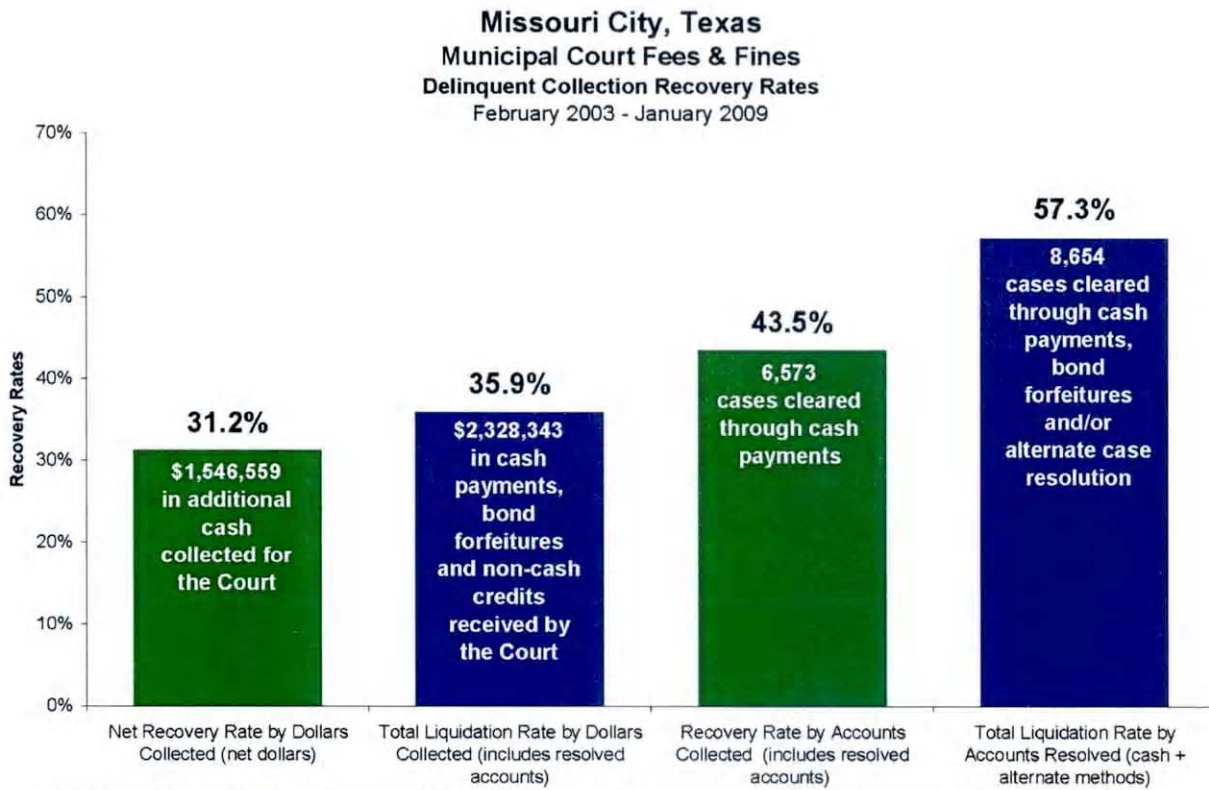
¹ Results obtained depend on the nature of each portfolio of accounts and the facts of each case. Every portfolio is somewhat different. Similar results may not be obtained in your case. Past performance is no guarantee of future results.

Missouri City Municipal Court (Texas)

Collections of court fees and fines for the City of Missouri City, Texas began in February 2003. Since that time, the firm has **collected over \$1.5 million in additional revenue** for the City.

Missouri City has a similar population to Jonesboro with an estimated population of 63,000.

CITY OF MISSOURI CITY, TEXAS – COLLECTIONS



Note: Collection rates include backlog accounts (ranging from 1 yr. to 5+ years of age) through new placements that are 60-days delinquent.

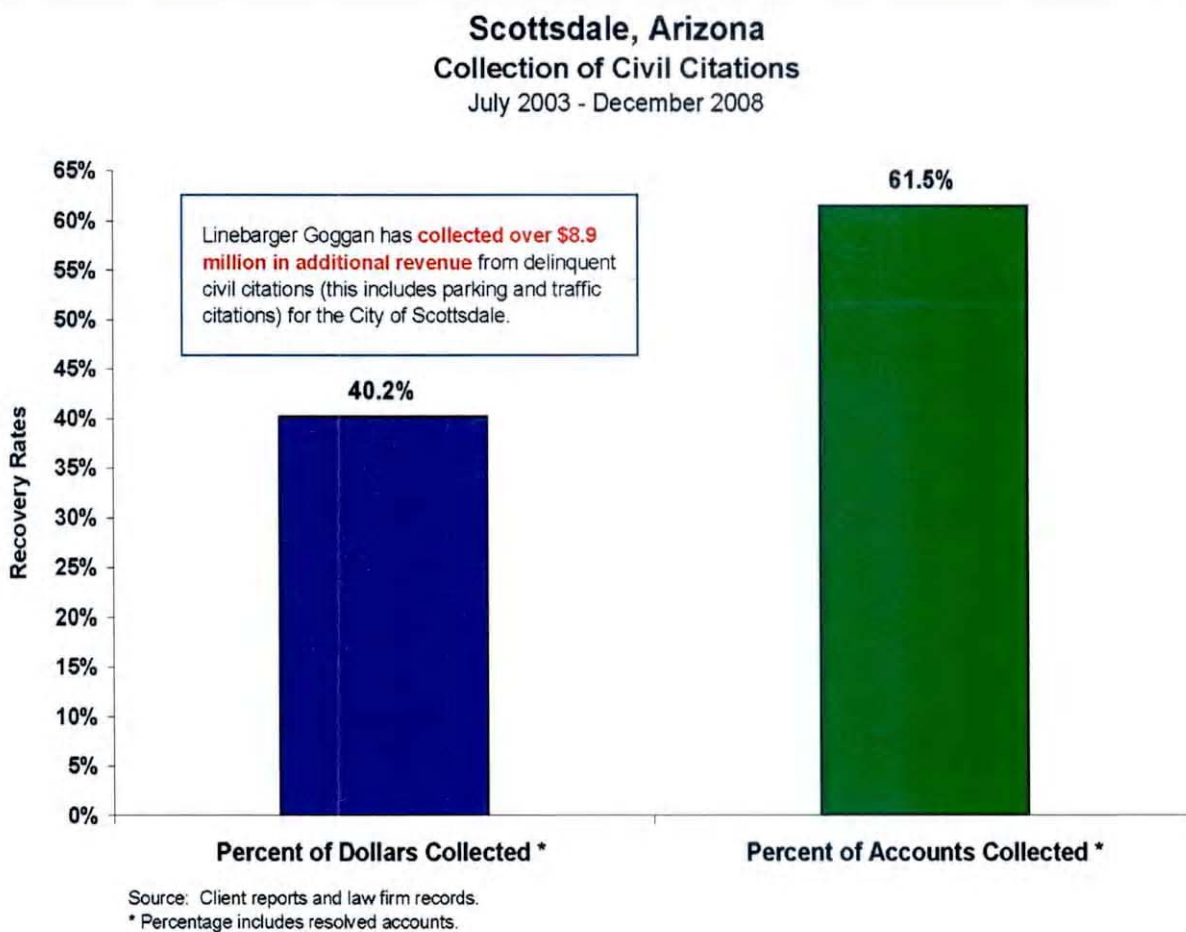
City of Scottsdale (Arizona)

Our partnership with the City of Scottsdale, Arizona, complements the City's effort to maximize its revenue from city court fees and fines. We collect delinquent civil and criminal fines and fees after the city court has attempted collection without a positive result.

The chart below depicts collection recovery rates for the civil delinquent accounts, which are comprised of parking and traffic citations. Collection activity began in July 2003, and as of December 2008 **the recovery rate was 61.5 percent** of accounts placed. This rate includes any accounts canceled by the client. The overall liquidation rate is 40.2 percent of total dollars placed including resolved accounts.

Between July 2003 and December 2008, Linebarger Goggan collected more than \$8.9 million in delinquent civil citations for the City and **more than \$12.6 million** in combined collections for delinquent civil and criminal citations.

CITY OF SCOTTSDALE – RECOVERY RATES FOR CIVIL CITATIONS



Kansas City (Missouri)

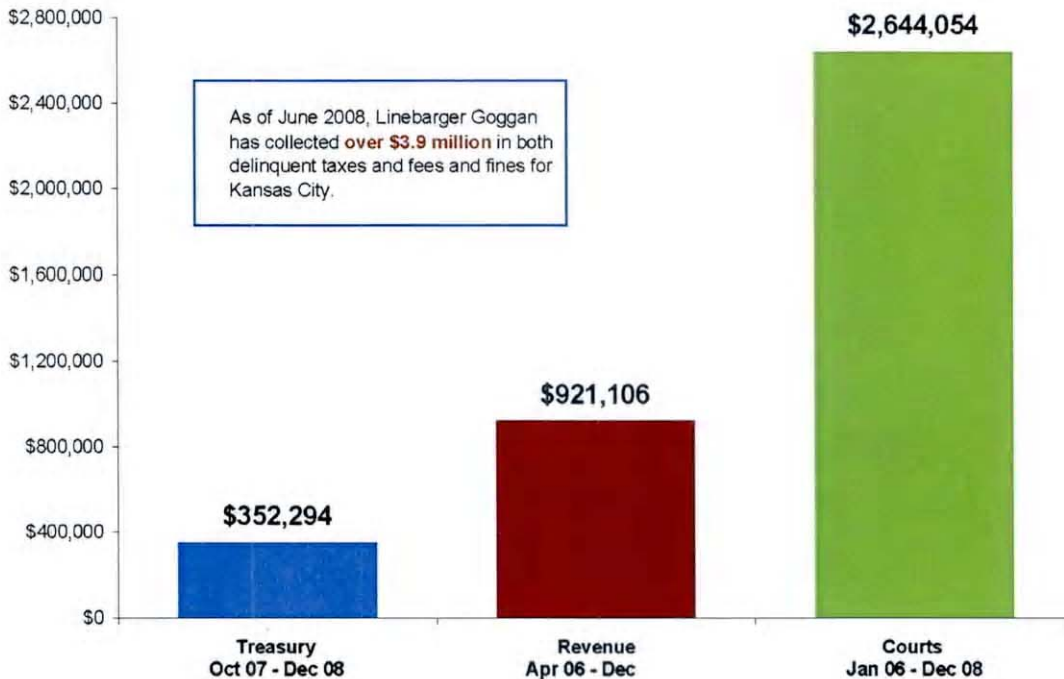
We collect municipal court debt, city taxes, and various special assessments for the City of Kansas City, Missouri. As of December 2008, more than \$3.9 million has been collected for the City since we first started collecting in early 2006.

The City began referring Municipal Court debt to our firm in April 2006. Referrals included a significant backlog with accounts being up to 20 years delinquent. Collection efforts have recovered \$2,644,054 for the City to date and **brought numerous "lost" defendants back into the Court** system to resolve their accounts.

The firm collected \$921,106 in City tax accounts between January 2006 and December 2008. Collection efforts have also assisted in identifying numerous disputed tax accounts and accounts of non-filing taxpayers, thus allowing the City to resolve these issues and reconcile their tax roles through the process. In October 2007 the City requested that we expand our collection services to include the collection of various assessment debts. Since then we have collected more than \$352,000 on this new assessment debt portfolio.

KANSAS CITY COLLECTIONS BY DEBT TYPE

Kansas City, Missouri
Delinquent Taxes, Municipal Court,
and Special Assessment Debt
January 2006 - December 2008



Source: Client reports and law firm records.

Miami-Dade County Clerk of the Court (Florida)

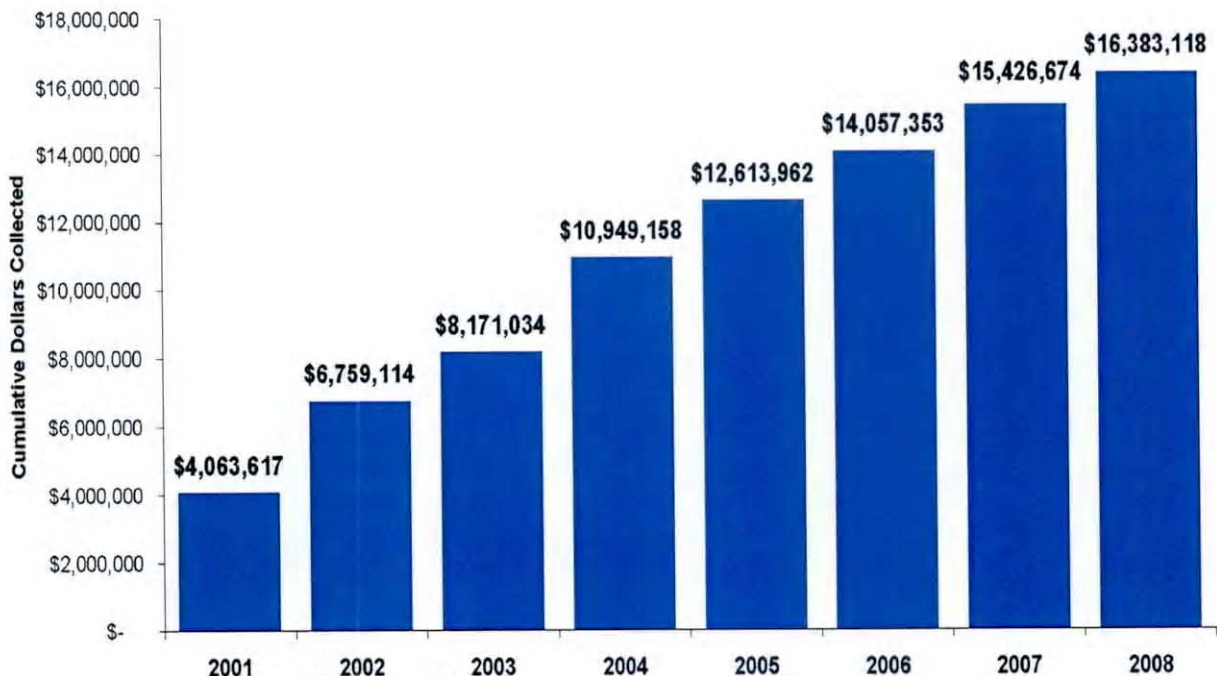
The initial portfolio of first placements turned over to us in March 2001 included debts that were eight or more years' delinquent. As of December 2008, we have collected more than \$16.3 million in delinquent parking citations for Miami-Dade County Clerk of the Courts.

Over the lifetime of the firm's contract, the recovery rate as of December 2008 was **54.7 percent** of all accounts placed. This includes any accounts canceled by the client. The liquidation rate is 37.6 percent of total dollars placed including payments and cancellations.

In 2004 we also began collecting traffic citations and have successfully recovered an additional \$16.4 million between November 2004 and December 2008. Overall, the firm has **recovered more than \$32 million in additional revenue** from delinquent parking and traffic citations for the Miami-Dade Clerk of the Courts.

MIAMI-DADE COUNTY – DELINQUENT PARKING COLLECTIONS

Miami-Dade County (FL) Clerk of the Courts
Delinquent Parking Citations
Cumulative Collections
March 2001 - December 2008



Source: Law firm and client records.

1 March - December 2001 only.

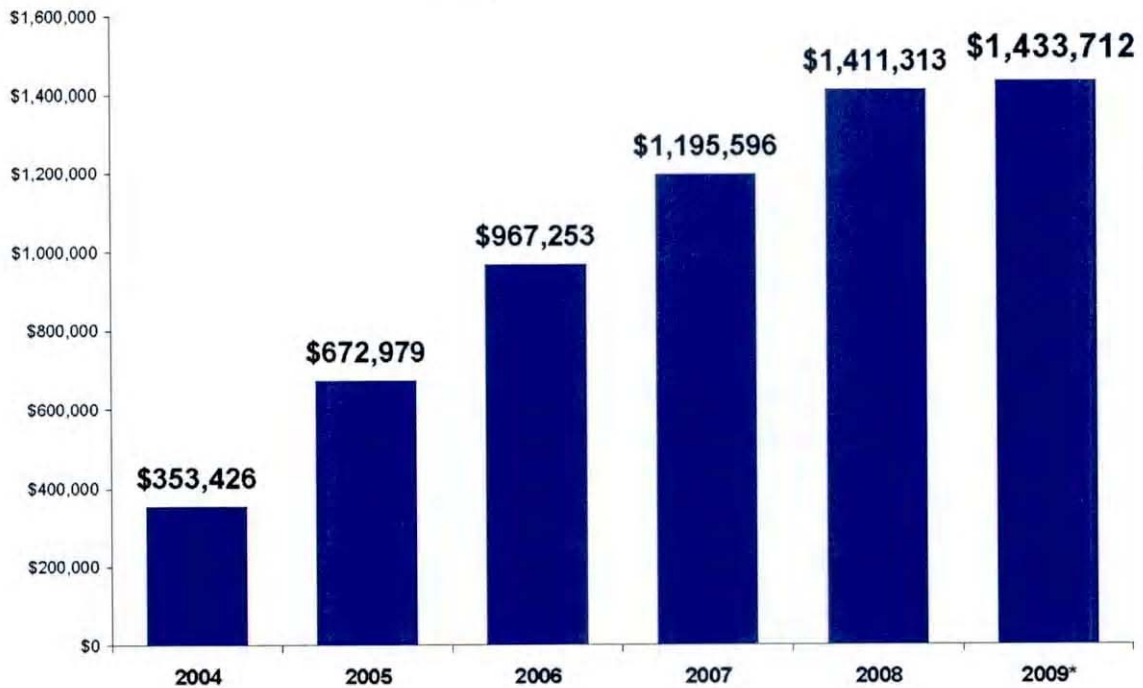
2 No accounts turned over from 7/1/03 - 7/1/04 due to a change in FL statutes. Referrals resumed when statute was amended.

City of Round Rock (Texas)

Linebarger Goggan has been collecting court fees and fines for Round Rock Municipal Court since 2004. Since then, the firm has collected over \$1.4 million in additional revenue for the City. In addition, the overall collection rate is 29.1 percent.

ROUND ROCK COLLECTION RECOVERY RATES

City of Round Rock, Texas Municipal Court Fees & Fines Cumulative Collections January 2004 - February 2009



Source: Law firm records.

Note: Recovery rates include backlog accounts (ranging from 1 yr. to 5+ years of age) through new placements that are 60-days delinquent. Collections for the year 2009 are for January and February 2009 (2-months).

CLIENT REFERENCES

Kansas City, Missouri

Mr. Galen Beaufort
City Attorney
City Hall – 28th Floor
414 East 12th Street
Kansas City, MO 64106
Phone: 816/513-3147

Saint Louis, Missouri

Ms. Catherine Ruggeri-Rea
Court Administrator
St. Louis Municipal Court
1430 Olive Street
St. Louis, MO 63103
Phone: 314/613-7497

Missouri City, Texas

Ms. Patrice Fogarty
City Secretary
1522 Texas Parkway
Missouri City, TX 77489
Phone: 281/261-4260

EXPERIENCED PROJECT MANAGEMENT TEAM

A qualified Linebarger Goggan team is readily available to manage a contract with the City. This team is comprised of individuals with an **in-depth working knowledge of the collection process** and the most advanced collection systems available. The team will provide a centrally managed approach supported by line personnel trained in specific areas of the collection process. By capitalizing on the unique strengths of each member, the law firm assures the highest possible level of service.

Key Personnel

Scott McGlasson, Managing Partner of the firm's Midwest regional office, will be responsible for managing operations supporting the City warrant collection program, including coordination of law firm staff resources and collection strategies. Mr. McGlasson and other team members will be available to communicate in any manner desired and requested by the City, including personally meeting with City staff in their offices as desired.

Gary Bennett, Partner, will provide advice and counsel on collection strategies and management issues and help assure that the firm delivers on the promises made.

Michael Brown, Director of Operations, will provide management and analytical supervision to accomplish performance goals.

John Wilson, San Antonio Call Center Director of Operations, will be responsible for managing the necessary call center resources and collection staff.

Richard H. Pachecano, Director of Fees and Fines, IT Group, will provide the management oversight and technical guidance for the transfer of data necessary to ensure a smooth implementation period.

Don Crawford, Data Processing Manager, will provide technical support and work closely with the City team.

Biographies



Scott McGlasson, Partner, grew up in a small rural community in northeast Kansas. He graduated from Emporia State University in 1986 receiving a B.S. dual degree(s) in Business Administration and Marketing with a Communications minor. Following graduation, he began his collections career working as an Account Representative and Internal Dealership Auditor with General Motors Acceptance Corporation where he was responsible for collection of delinquent credit accounts as well as for auditing regional GM dealerships.

Mr. McGlasson attended Washburn University School of Law and received his J.D., with honors in 1991. He was admitted to practice law in the State of Kansas in 1991 and immediately was drawn to a collection practice and representation of creditors. His solo practice in Kansas consisted almost exclusively of the representation of creditors in collection and bankruptcy related matters. Mr. McGlasson's practice emphasized the leveraged utilization of technology to handle the high-volume practice in a manner allowing efficiency and effectiveness for the benefit of his clientele. In addition to providing service to his client base through direct representation, Mr. McGlasson also assisted in the development and implementation of the electronic filing system project in the Kansas Courts to allow increased efficiency of case-flow through the Court system.

In 2003, Mr. McGlasson joined Linebarger Goggan in the law firm's headquarter office in Austin, Texas, where his responsibilities included various projects involving the collection of Texas court fees and fines, state and federal-level receivables, and non-Texas-based collections in several Midwestern states. Scott opened the firm's Kansas City regional office in 2006 and currently manages that office and its operations. He provides advice and counsel to the law firm on all Fair Debt Collection Practices Act issues and serves on the firm's Litigation and Legal Standards Subcommittee, which is responsible for oversight of law firm policies and procedures relating to collections. He represents the firm in the ACA International Member Attorney Program and is a member of the Commercial Law League of America.

Mr. McGlasson is admitted to practice in Arkansas (in process), Kansas, Missouri, Texas, Oklahoma, and Kentucky.



Gary Bennett, Partner and Management Committee Member, was admitted to the Texas State Bar in 1980 after receiving his A.A. from Navarro College with honors, his B.A. in Political Science from Austin College in Sherman, Texas, and his J.D. from the University of Texas at Austin. Mr. Bennett also holds degrees from the National Judicial College and the Texas College of Probate Judges. Prior to joining Linebarger Goggan, Mr. Bennett served as County Judge for Navarro County. He has over 20 years' experience in tax litigation and the general practice of law. Mr. Bennett has first-hand experience and

knowledge in understanding the problems and concerns of local governments in their efforts to generate revenue. Oftentimes he is asked to speak to civic groups, state, county, and municipal organizations on matters concerning tax revenue generation. Mr. Bennett has received various awards and citations including Who's Who in Texas, Outstanding Young Men of America, and a Commissioned Admiral in the Texas Navy.

He has served as President of the North Central Texas Council of Governments, a regional metro government organization of cities, counties, school districts, and special utility districts encompassing Dallas and Fort Worth along with 140 other governmental entities.

Michael Brown, Director of Operations, received a B.A. in Economics in 2001 from the University of Missouri, St. Louis. He joined Linebarger Goggan in 2002 and was responsible for the daily operations of the San Antonio Collection Center before becoming Collection Director in the firm's Chicago Office. He has extensive experience in collections and has been employed in this field since 1990. Before joining the firm he was Director of Credit and Collections for Felco Autolease. He also served as Assistant Vice President-Senior Collections Manager for Firststar Bank in Missouri. He is presently a member of the Consumer Bankers Association.

John Wilson, San Antonio Call Center Director of Operations, joined Linebarger Goggan in November 2003. He graduated from Southern Methodist University in 1976 with a B.S. in Business Administration. He has been in the collection industry for over 30 years.

Mr. Wilson started as a collector with Capital Credit Corporation handling private label receivables. He was promoted through the ranks to Branch Manager and National Training Director. He joined THE Finance Company and Conseco/GreenTree Finance, as the Regional and Collection Manager, overseeing call center operations for auto and mobile home loans. He developed considerable medical receivable experience while working at Creditors Mercantile and Consolidated Accounts Management, holding positions of Audit Specialist, Regional Manager, and ultimately Chief Operating Officer.

Richard Pachecano, CISA, Director of Fees and Fines, received a B.B.A. in Accounting and Business Data Systems from the University of Texas at San Antonio in 1985 and has been a Certified Information Systems Auditor since 2000. He joined Linebarger Goggan in 1985, and served as Chief Information Officer until 2007, directing the development of our technology infrastructure. Today he leads the firm's fastest growing IT sector, the fees and fines division. His understanding of how technology can interface with collections and legal practices to produce results for Linebarger Goggan's clients positions him to be the perfect candidate to lead this division of the firm.

Prior to joining the firm, Mr. Pachecano served as Deputy Director of Information Systems for Bexar County (San Antonio) and as Applications Manager, responsible for the County's Financial, Tax Collections, and Automobile Registration Systems. He is a member of the Texas Association of Assessing Officers and the Information Systems Audit and Control Association.

Mr. Pachecano has directed the implementation and collection programs for several state clients including California, Illinois and Kansas, as well as some of our largest municipal clients.

Don Crawford, Data Processing Manager, has had a career in the information technology industry that has spanned more than 20 years, with 15 of those years as a systems engineer with IBM. Mr. Crawford joined Linebarger Goggan's Information Technology Group in 2001 and has a wide range of experience in installation and support of hardware and software and customer satisfaction. He has worked as an auditor, end user support educator, programmer, independent consultant, systems analyst, project leader, and manager in the computer industry. He coordinates all file transfer activities with our clients' third-party software vendors or their information technology departments to facilitate the export the delinquent account information to our CUBS system. This helps our clients streamline their export and reporting processes.

Customized Collection Program

COLLECTION PROGRAM FOR THE CITY

Linebarger Goggan believes that a successful debt portfolio management, collection, and cost recovery program must be **multi-faceted, flexible, and tailored to the client's specific needs.**

Working with the client, Linebarger Goggan develops and uses a work plan as a management tool for both immediate and long-range planning. The work plan is based on a regular analysis of the client's portfolio. This plan is customized to accommodate the collection style and approach advocated by the client.

Sample Work Plan

The following sample work plan outlines the general activities that are implemented upon receiving the client's approval. The actual work plan varies from client to client, and **each client's work plan is tailored** to its specific needs.

Step-By-Step Description

- Load the client's referral information into the firm's database, and acknowledge all accounts received.
- Confirm and/or update all available addresses for defendants using integrated skip-tracing software.
- Generate letters for referred accounts. Included in these mailings are all active accounts in the Linebarger Goggan database belonging to a defendant.
- Mail collection notices approved by the City – in English and Spanish – to defendants instructing them on payment procedures. The notice will clearly identify the client and contain the total amount due, including fees, fines, and collection fee, if applicable. They also warn that failure to pay the outstanding amount will result in a recommendation to the client that it use all possible enforcement mechanisms to collect the amount owed.
- Send a series of stronger, follow-up letters to those individuals who do not pay or respond as required. All collection notices are approved by the client prior to use.
- Scan bar codes on returned mail, update the account files, and send the returned mail file to the skip-tracing unit.
- Research bad defendant addresses, using online skip-tracing tools to identify the correct telephone numbers and addresses.

- Update all defendant information and forward to the collection queue.
- Contact all accounts with valid phone numbers. Coordinated with all mailings, the collectors make repeated efforts to contact the defendant to secure full payment of amount owed. Linebarger Goggan has professional call center staff that works weekdays, nights, and Saturdays.
- After the initial mailing and telephone contact phase, all accounts are evaluated and prioritized to maximize results.
- Maintain a detailed activity and payment history on every account. Defendants with broken promises to pay are contacted promptly.
- Apply all legal and ethical enforcement mechanisms, as authorized and approved by the client.
- Identify uncollectibles and return those accounts to the client with appropriate documentation and recommendations on future actions, as instructed.
- Submit management reports that provide details on collection activities.

Collection Process

The Linebarger Goggan collection process starts with the transfer and initial placement of delinquent accounts from the client to the law firm. Once the data has been transferred and confirmed as accurate, a two-phased approach is implemented: skip tracing and defendant contact processing. Within each of these phases, distinct events must occur to make the collection process comprehensive and effective.

Initial Placement

Linebarger Goggan accepts the electronic file transfer for accounts being placed with it for collection.

National Change of Address Search

The placement automatically generates a request to the National Change of Address database for current address information and a request to a national database for phone and other related data. Information is returned within 24 hours and includes address standardization and phone numbers. This data is used for collection notice mailings and other related correspondence to increase the probability of delivery and collection of the debt.

Confirm Telephone Number

Verification is often achieved by comparing any telephone numbers provided at placement with those obtained from the electronic search results.

Record New Data

The defendant's account data is updated from the results of the various electronic data searches, and our efforts to contact each defendant begin. The initial notice is sent to the defendant after receiving the placement from the client. If contact is not established, the account moves directly to the advanced skip-tracing process.

Collection Notices

The initial notice is prepared and mailed to the defendant. If contact is not established, the account moves directly to the advanced skip-tracing process. Additional collection notices are queued and sent if the defendant does not respond as requested.

All collection notices inform the defendant that the account has been placed with our law firm and provide a toll-free phone number for the defendant's use and convenience. A detachable payment coupon and return envelope is standard with all collection notices. The format and language shall be approved by the client.

Returned Mail/Address Correction

The U.S. Postal Service returns collection notices that are undeliverable. All Linebarger Goggan notices are mailed with instructions to the U.S. Postal Service to provide "change of address/address correction" information if the defendant has moved and left a forwarding address. When returned, our Data Control Section processes these letters and updates the account file with the new address information so that new collection notices can be sent out based upon the updated information. Notices with no forwarding address are also be flagged. Notices that produce responses from defendants are directed to telephone collectors for processing.

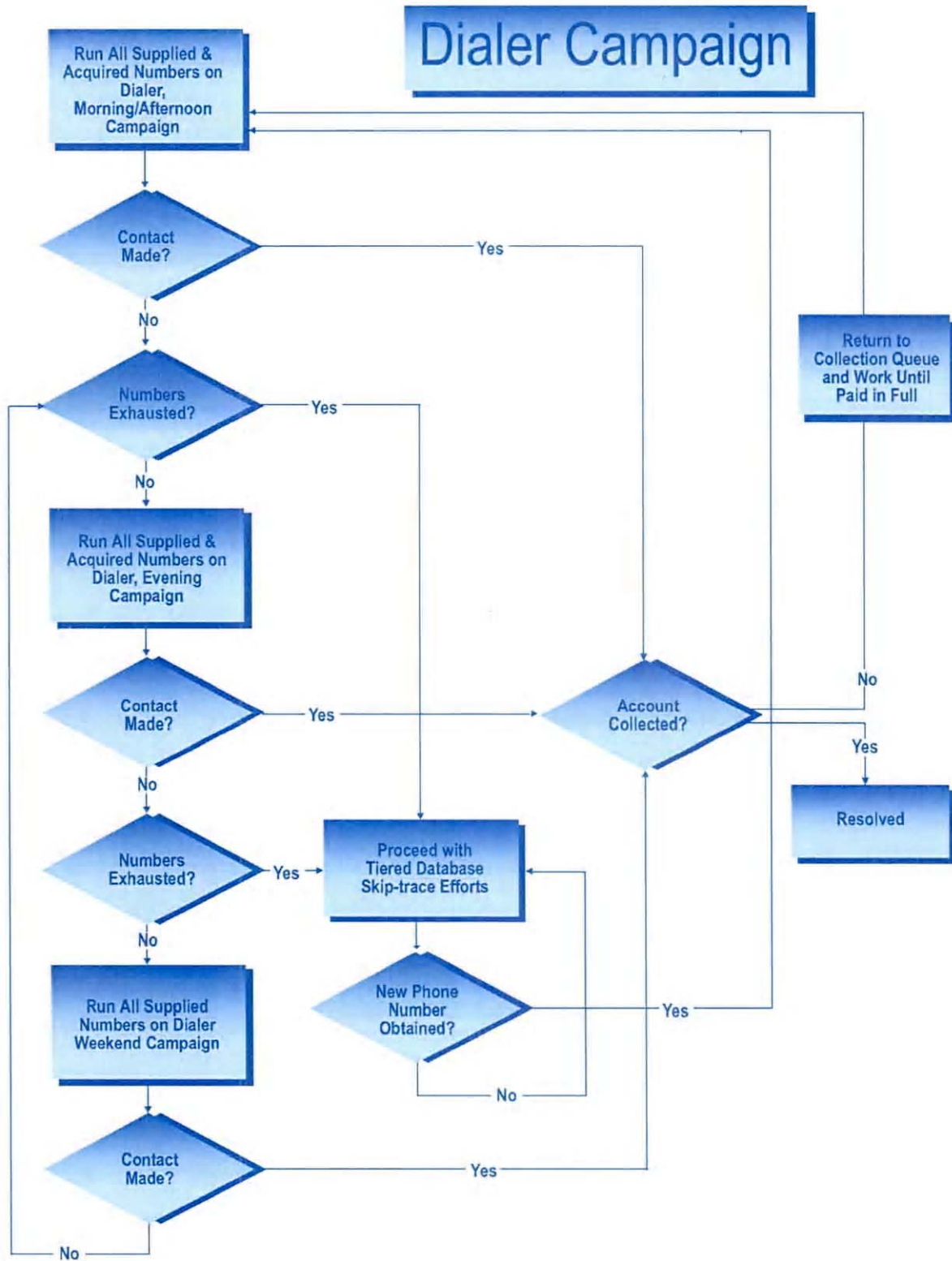
Dialer Campaign

Linebarger Goggan's customized Columbia Ultimate Business Systems (CUBS) software system is fully integrated with our predictive dialers. Result codes generated by the dialing campaigns are automatically uploaded to the CUBS system to re-status and move accounts to the collection phase.

Once the new account data is recorded, repeated proactive attempts to contact the defendant begin in earnest. Accounts with good phone numbers are processed to phone campaigns and passed to individual collectors.

We have included a flowchart of our dialer campaign process on the following page.

DIALER CAMPAIGN PROCESS



Outbound and Inbound Call Activities

Dialer outbound calls are continuously distributed to professional collectors who make contact with the defendant. The collector will verify the defendant's identity, confirm basic information, and initiate a dialogue to resolve the delinquent account through: payment in full, payment arrangement, administrative resolution or other case resolution, as approved by the City.

Collectors also handle all inbound phone calls resulting from inquiries on a mailing, other correspondence or payment plans.

The Dialer can call all supplied phone numbers, including home, work (if allowed under the applicable law of the jurisdiction), and "can be reached at" numbers, as well as any other numbers that have been provided to the dialer database. If the telephone campaign determines that the numbers in the database are incorrect or disconnected, the account is forwarded to our skip tracing unit.

Once an accurate number is identified, the collection process starts again. Dialer campaigns will be run regularly to obtain payment in full from the defendant; campaigns will be staggered to maximize the potential likelihood of contact with the defendant.

If contact is not established during any of these campaigns, the account will move directly to the skip-tracing process to locate a better phone number and address. Linebarger Goggan's collection campaigns and collection system are 200 to 300 percent more efficient than regular manual collection efforts.

Skip-Tracing Process

If the law firm's automated process fails to produce a telephone number, the account moves to the interactive skip-tracing unit. This unit of well-trained, experienced researchers possesses excellent telephone skills, inquisitive minds, and the persistence to stay with the search until the missing defendant is located. These sources give Linebarger Goggan's skip tracers information and leads that allow them to draw conclusions that would not surface from an automated search of databases.

Linebarger Goggan's skip-tracing agents have online, interactive access to most of the major companies in the automated skip-tracing business, as well as state and local agencies, including:

- NCOA from Lexis Nexis
- Lexis Nexis Best Address
- Cognitive Data

All online sources are stored in our master data files. The firm has designed and enhanced algorithms that combine only pertinent skip-trace

data from all available online sources onto a single skip-tracing screen. This enhancement greatly increases skip tracing productivity.

These skip-tracing features allow collectors to obtain phone numbers for known defendant addresses online. They also have the capability to access national skip-tracing databases for every state, city, and zip code from last known address to new geographic locations.

LEGAL ADVICE AND COUNSEL

In addition to Linebarger Goggan's collection services, our attorneys routinely provide clients with **legal counsel on collection matters** and keep them apprised of changes in the law that may affect their collection processes. Because of their extensive legal training, continuing education, and experience, they can evaluate and interpret the vast and complex maze of federal and state statutes, regulations, court decisions, and administrative rulings that govern the collection of delinquent receivables. These services are **provided at no additional cost** to the client.

PAYMENT PROCESSING

Linebarger Goggan has the **capability to handle payment transactions from debtors in a variety of options**. We will meet with representatives of the City during the implementation stages of this contract to determine preferences and develop a payment processing plan and a remittance plan schedule that will meet the City's expectations and needs. The following is an example of a popular payment processing option, and is one of many that we may discuss for your consideration and implementation.

Direct Payments to the City – Available Option

As a general consensus among our current warrant collection clients, we notice a client preference for having defendant payments directed and submitted directly to the client for various reasons. First and foremost, this payment option allows the collected funds to get into the possession and control of the City at the earliest opportunity. This allows the City immediate access to its revenue. Second, any outstanding matters (such as the cancellation of a warrant or the reinstatement of a suspended driver's license) can be handled at the time of payment through the already existing City operational procedures. And third, direct payment to the City reduces the amount of transactions between our firm and the City, such as account balances and reconciliations, which increases the efficiency of the collection program and reduces the possibility of errors.

In the event your City has a preference for direct payments, that process can be easily implemented. If your preference is different, we will develop a payment process that meets your needs.

For all payment processing options, a detachable payment coupon and return envelope are standard with all Linebarger Goggan collection notices. If defendants wish to pay in person, they will be directed to the City's existing payment processing center. Defendants will also be informed of any additional payment options offered by the City (by mail, phone, web site, etc.). Linebarger Goggan's professional collectors will explain the terms for payment, as well as other case resolution options approved by the City. Bilingual collectors (in Spanish) will be available to talk with any non-English speaking defendants.

Collection Technology and Security

COLLECTION MANAGEMENT SYSTEMS

Linebarger Goggan is dedicated to optimizing collection efficiency and effectiveness while upholding the highest professional standards. We **pioneered the application of high technology** to delinquent collections when we entered the field three decades ago. Our representation of the largest governmental entities has led us to invest more than \$60 million to develop the very latest, most sophisticated data processing and communications technology available.

Since 1976 our in-house Information Technology Group (ITG) has developed specialized applications and customized collection systems to manage a wide variety of government receivables. Linebarger Goggan's collection program is managed using the Columbia Ultimate Business Systems, Inc. (CUBS) software, which our programming staff has adapted and customized for specialized law firm applications. We have developed easy-to-use custom features that are stable, effective, and do not interfere with basic CUBS program code. This system combines the best of a traditional collections software platform with state-of-the-art enhancements that allow Linebarger Goggan to meet our clients' growing and specific needs for sophisticated software applications.



To accomplish this task, we have focused on the automation, centralization, security, and standardization of our computer systems and collection programs. Our systems currently manage over \$10 billion worth of delinquent and current receivables of all types for our clients and track over 100,000 related lawsuits and bankruptcy cases throughout the United States. We have more than 140 programmers and technical support personnel in our firm's ITG division.

Our technology for collecting delinquent government receivables has not been successfully duplicated by any other law firm. The software applications we have developed enable us to continuously meet the changing needs of the delinquent receivables collection process.

Customized Collection Software

Linebarger Goggan's systems designers and computer programmers have developed sophisticated collection applications, using the latest

technologies to meet our clients' specific needs. All client accounts referred to Linebarger Goggan go through an **extremely thorough process** to locate and contact defendants and collect the debt owed. The firm's customized CUBS collection system supports all aspects of this process, including skip tracing, reporting to and invoicing clients, litigation, and defendant assistance.

Our collection software can handle the system and software interfaces utilized by every major software vendor in the country. Our software permits both batch and online automated interfaces with a wide variety of computer systems, using industry standard protocols and data interchange formats.

System Architecture

Our system is composed of logically organized and easily upgraded telephone and data processing components. Reliable, international firms with an extensive network of local vendors manufacture all system hardware, allowing rapid component replacement or capacity expansion, if needed.

Our system is technologically advanced and complex in its capabilities, but it is not complicated to use. Design simplicity gives our system flexibility and reliability. The system is based on a building block – or modular component – principle. Linking modular components together to form fully integrated system architecture permits rapid expansion, and planned redundancy, while reducing hardware downtime.

The primary data processing and storage site for the firm's CUBS application is at IT Headquarters in San Antonio, Texas, with the backup recovery site located in Austin, Texas.

With this scalable and redundant architecture in place, the firm is able to meet the data processing and communication needs for multiple clients while addressing requirements for security, WAN connectivity, broad bandwidth, robustness, and business continuity (disaster recovery).

Telecommunication Systems

We have interactive voice mail software (IVR) resident on our phone system, along with our automated call distribution software. The IVR programming directs the caller to the appropriate mailbox for various call options by identifying the incoming client-specific toll-free number used.

The IVR provides defendants with several options, including informing them of the anticipated time to contact with one of our collectors (maximum wait time of 30 seconds). It allows defendants to leave a message for the specific collector that contacted them; they may also leave a general message, which will be forwarded to an appropriate collector the following morning.

Data Transfer Process

Upon being awarded a contract, our ITG will immediately create a secured database for the City. Each account placement is allocated a unique internal tracking number. This number is used to create client reports and to track the account placement data throughout the life of the account.

We will establish, test, and confirm to the satisfaction of the City's programmers and technical support staff all of our network connections to verify appropriate levels of security and data integrity between the City's system and ours. Information that is not sensitive can be transferred by email or standard SFTP. All information considered sensitive is transferred by one of several DOD-approved encryption logarithms.

Most placement data is received via Electronic Data Interchange (EDI) using encryption technology over the Internet and our frame relay communication system. We can accommodate a wide variety of SFTP packages. For security reasons, we do not allow direct data transfer to or from our main computer system. This helps to maintain security for our system and our clients' data.

Our file transfer servers receive files from our clients and send automatic email notifications to our Client Managers and our Load Techs. The Client Managers track their specific clients' data, while the Load Techs check the data for errors and proceed with loading the data into our CUBS Collection System once it is verified.

Standard File Formats

We can accommodate transfer files in most text (fixed or delimited) or XML file structures, in addition to client-defined fixed length formats. Our preference is for Comma Delimited (CSV) files.

REPORTS

We establish a reporting schedule in the format and frequency desired and approved by the client. The reports include information such as receipt of placements, payment transmittals, and account closures. Our reports also include the following:

Monthly Collection Analysis Report

- number and dollar amount of receivables referred
- date of referral/return, age to resolution
- number of referrals currently working
- recovery rate of referred/returned receivables
- type of collection made according to type of debt
- repayment agreements effective at that time

Cancellation Report

- number and dollar amount of receivables canceled
- uncollectible receivables with reasons why they were uncollectible
- bankruptcy or other codes/actions taken on accounts

Invoice Report

- our total fee for that month

We also send an electronic Acknowledgment Report to verify all accounts received by our data processing center in a timely manner. Our firm generates other ad hoc reports that the client may require and provides them in whatever format it desires.

DATA SECURITY FEATURES

Electronic data associated with client projects are maintained at the Linebarger Goggan ITG facility, the primary technology location for the firm, which is located in San Antonio, Texas. This facility has extensive safeguards to protect and secure the hardware and information maintained at this location. Access to client data is accomplished by leased 10Mbs dedicated connections.

Data Backups

Linebarger Goggan uses Qinetix CommVault as its backup solution, conducting a full backup of supported systems each Friday and incremental backups of all supported systems Saturday through Thursday. Some databases receive full backups on a daily schedule.

We also maintain monthly full copies for one to seven years, depending upon the requirements of the client. All backups are encrypted utilizing 128 bit "Blowfish" encryption.

Network Security

Data Encryption – 128 Bit End Node to End Node

We currently maintain several Virtual Private Network (VPN) connections for law firm operations. These VPN connections provide the required speed and security.

Intrusion Detection at each end Node

We currently run intrusion detection on our Firewall and can run it on any other router involved in a connection. In addition, we run SNORT IDS at our internet access point, collecting information on inbound and outbound traffic.

Firewall protection at firm's connection to the Internet

End Nodes access is limited and secure

End Nodes with dedicated IP addresses

End Nodes with transaction or data transmission Audit Logs

The end node routers are set up to send audit logs to our centralized log server to maintain a record of all transmissions.

Backup or alternate transmission plans adhere to the same security requirements

Electronic data associated with the City project will be maintained at the Linebarger Goggan Information Technology Group facility, the primary technology location for the firm, which is located in San Antonio, Texas. This facility has extensive safeguards to protect and secure the hardware and information maintained at this location. Access to City data will be accomplished by a leased 10Mbs dedicated connection.

Data Communications Security

Linebarger Goggan has gone to great lengths and expense to **ensure the integrity and security of our clients' data**, which is evident in every area of how client data is handled, transmitted, and used in the collections process. Linebarger Goggan employs standard industry security protocols, such as IPSec-3DES-MD5, that maintain the integrity and confidentiality of our clients' data. Most VPN clients are configured to use a full 168 bits of encryption.

Collection Fees

COST TO THE CITY

For first placement collection services, Linebarger Goggan will charge a collection fee to the City equal to 25 percent of all monies actually collected on all referred pre-2007 warrant accounts as referenced in the City RFP # 2009-20.

In addition to handling collection of the pre-2007 warrants, Linebarger Goggan proposes handling new/future warrants as desired by the City and as agreed between the parties. For new/future first placement collection services, Linebarger Goggan will charge a collection fee to the City equal to 25 percent of all monies actually collected on all referred accounts when new/future accounts are to be referred at 1 to 180 days past due.

This same fee will cover the existing backlog of receivables included in our initial placement(s) at the beginning of the contract/work order, regardless of age.

PRICING RATIONALE

Please consider the following comments related to fees:

Our collection process is unique in that each and every client we represent is not only a custom installation but also a custom work product. Each element of the client's data from the market conditions, legal rules and statutes, debt types, file placement information and, most importantly, client expectations are collected and analyzed to formulate decisions on how best to maximize revenue for the portfolio. These decisions are formalized in the form of a custom, proprietary and constantly evolving work model. This work model scores and directs collection actions that will **maximize revenue for the client** as opposed to maximizing profit and/or margins.

This is one of the primary differences between Linebarger Goggan and a typical collection agency. Collection agencies often utilize collection programs that sacrifice the client's "net back" return by minimizing its own expenses. These programs are often designed to "cherry pick" the most available and easiest collection items and apply resources primarily to that segment of the population. Based on this approach, a significant portion of a portfolio could go with little or no collection action being taken against it because the cost benefit ratio is not there. This allows such agencies to utilize a low bid strategy when responding to an RFP request.

Conversely, we are often at the higher end of bid rates on proposal responses because **we believe the “net back” to the client**, not to mention customer and other value added services, are **more important than the fee percentage paid**. For example, if Agency A collects \$50,000 and their commission rate is 2%, the net proceeds to the client is \$49,000 with fees paid in the amount of \$1,000. If Linebarger Goggan collects \$60,000 with a commission rate of 3.5%, the net proceeds to the client is \$57,900 and Linebarger Goggan’s fee \$2,100. If the client hires Agency A, it will be paying \$1,100 less dollars in fees, but will be taking in \$8,900 less dollars in net revenue (or 18% less). In order for Linebarger Goggan to collect that additional \$10,000 over Agency A, however, we will expend more resources, which serves as justification for a higher fee percentage. Essentially, the net profit for both the agency and the firm will be equivalent, **but the client receives more actual dollars, and consequently a higher “net back”**.