

**CITY OF COSTA MESA
PROFESSIONAL SERVICES AGREEMENT
WITH
RAY KLEIN, INC. DBA PROFESSIONAL CREDIT**

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 17th day of September, 2019 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and RAY KLEIN, INC., a Washington corporation DBA PROFESSIONAL CREDIT ("Contractor").

W I T N E S S E T H :

A. WHEREAS, City proposes to utilize the services of Contractor as an independent contractor to provide collection agency services, as more fully described herein; and

B. WHEREAS, Contractor represents that it has that degree of specialized expertise contemplated within California Government Code section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Contractor desire to contract for the specific services described in Exhibit "A" and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONTRACTOR

1.1. Scope of Services. Contractor shall provide the professional services described in the Scope of Work, attached hereto as Exhibit "A," and Contractor's Proposal, attached hereto as Exhibit "B," both incorporated herein by this reference. Contractor shall not pursue legal action to collect any outstanding balances without first obtaining City's written consent.

1.2. Professional Practices. All professional services to be provided by Contractor pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional Contractors in similar fields and circumstances in accordance with sound professional practices. Contractor also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Contractor's performance of this Agreement.

1.3. Performance to Satisfaction of City. Contractor agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Manager or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Contractor to review the quality of the work and resolve the matters of concern;
- (b) Require Contractor to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Contractor warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Contractor shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Contractor's performance under this Agreement.

1.5. Non-Discrimination. In performing this Agreement, Contractor shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military or veteran status, except as permitted pursuant to section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Contractor acknowledges that City may enter into agreements with other Contractors for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Contractor may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Contractor's sole cost and expense.

1.8. Confidentiality. Employees of Contractor in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Contractor covenants that all data, documents, discussion, or other information developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Contractor without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Contractor's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Contractor shall receive no compensation directly from City for the services provided pursuant to this Agreement. Pursuant to Ordinance No. 19-16, commencing October 17, 2019, Contractor may charge to the delinquent account holder an eighteen percent

(18%) collection fee on any principal balance collected, and a twenty-five percent (25%) collection fee on any principal balance collected if legal action is required to collect such balance, as set forth in Exhibit "C," attached hereto and made a part of this Agreement by this reference.

2.2. Additional Services. Contractor shall not receive compensation for any services provided outside the scope of services specified in the Contractor's Proposal unless the City or the Project Manager, prior to Contractor performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Contractor may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Contractor's services which have been completed to City's sole satisfaction. City shall pay Contractor's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Contractor's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times from the Effective Date until three (3) years after termination of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. Unless otherwise agreed to in writing by the parties, the professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of five (5) years, ending on September 16, 2024, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Contractor. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Contractor shall immediately stop rendering services under this Agreement unless directed otherwise by the City. In the event of termination, no compensation shall be paid by City to Contractor for any incomplete collection efforts.

Notwithstanding the foregoing, if City withdraws an account in which Contractor has filed legal proceedings or terminates this Agreement while Contractor has pending legal proceedings on an account, City shall reimburse Contractor for its reasonable out-of-pocket legal expenses incurred prior to such withdrawal or termination, provided that Contractor provides satisfactory proof of same.

4.3. Compensation. In the event of termination, City shall pay Contractor for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Contractor.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Contractor in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Contractor, at no cost to City. Any use of uncompleted documents without specific written authorization from Contractor shall be at City's sole risk and without liability or legal expense to Contractor.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Contractor shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California. Contractor agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Contractor for the City and to require each of its subcontractors, if any, to do likewise

under their workers' compensation insurance policies.

- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Contractor shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Contractor pursuant to its contract with the City; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; automobiles owned, leased, hired, or borrowed by the Contractor."
- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "The Contractor's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Contractor shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The certificates of insurance shall be attached hereto as Exhibit "D" and incorporated herein by this reference.

5.5. Non-Limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Contractor may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Contractor shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Contractor called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Contractor in the performance of this Agreement.

Contractor shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Contractor or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: (a) at the time of delivery if such communication is sent by personal delivery, and (b) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONTRACTOR:

Ray Klein, Inc. dba Professional Credit
12204 SE Mill Plain Blvd.
Vancouver, WA 98684
Tel: (541) 335-2207
Attn: Jeffrey Johnson

IF TO CITY:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Tel: (714) 754-5219
Attn: Jennifer King

Courtesy copy to:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Attn: Finance Dept. | Purchasing

6.5. Drug-Free Workplace Policy. Contractor shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "E" and incorporated herein by reference. Contractor's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment. Contractor shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Contractor's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Contractor of Contractor's obligation to perform all other obligations to be performed by Contractor hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless. Contractor agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Contractor's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Contractor, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Contractor, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Contractor, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Contractor, its employees, and/or authorized subcontractors under this Agreement, whether or not the Contractor, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Contractor shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Contractor's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Contractor is and shall be acting at all times as an independent contractor and not as an employee of City. Contractor shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent.

Neither City nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. Contractor shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City. Contractor shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Contractor and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Contractor shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Contractor further agrees to indemnify and hold City harmless from any failure of Contractor to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Contractor under this Agreement any amount due to City from Contractor as a result of Contractor's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Contractor or any employee, agent, or subcontractor of Contractor providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Contractor shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Contractor and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Contractor's performance or services rendered under this Agreement, Contractor shall render any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Contractor or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Contractor agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Contractor. City shall indemnify and hold harmless Contractor from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Contractor. Contractor shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure. Contractor has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Contractor, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code section 6250 *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code section 6254.7, and of which Contractor informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Contractor and its officers, employees, associates and subcontractors, if any, will comply with all conflict of interest statutes of the State of California applicable to Contractor's services under this agreement, including, but not limited to, the Political Reform Act (Government Code sections 81000, *et seq.*) and Government Code section 1090. During the term of this Agreement, Contractor and its officers, employees, associates and subcontractors shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Contractor shall be responsible for its work and results under this Agreement. Contractor, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Contractor occurs, then Contractor shall, at no cost to City, provide all necessary design drawings, estimates and other Contractor professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Contractor will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Contractor and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CONTRACTOR

G. Scott Purcell

Signature

G. Scott Purcell, President

[Name and Title]

Date: *Oct 2, 2019*

[Redacted]
Social Security or Taxpayer ID Number

CITY OF COSTA MESA

Lori Ann Farrell Harrison

Lori Ann Farrell Harrison
City Manager

Date: *10-23-19*

ATTEST:

Brenda Green 10/28/19

Brenda Green
City Clerk



APPROVED AS TO FORM:

Kimberly Hall Barlow

Kimberly Hall Barlow
City Attorney

Date: *10/23/19*

APPROVED AS TO INSURANCE:

Ruth Wang

Ruth Wang
Risk Management

Date: *10/15/19*

APPROVED AS TO CONTENT:



Jennifer King
Project Manager

Date: 10/15/19

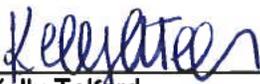
DEPARTMENTAL APPROVAL:



Kelly Telford
Finance Director

Date: 10/13/19

APPROVED AS TO PURCHASING:



Kelly Telford
Finance Director

Date: 10/13/19

EXHIBIT A
SCOPE OF WORK

**SCOPE OF WORK
FOR
COLLECTION AGENCY SERVICES**

The City of Costa Mesa seeks the services of a full-service collection agency ("Agency") to provide collection services on unpaid and delinquent accounts receivable, which may include, but may not be limited to:

- Non-sufficient fund (NSF) checks
- Miscellaneous permit fees
- False alarm charges
- Civil citation due to a code violation
- Jail booking fees
- Fire inspection fees
- Miscellaneous charges for services
- Unpaid taxes (Transient Occupancy Tax)
- Franchise fees (Waste Hauler)
- Rent payments, etc.

Requirements: Agency shall provide professional services and dedicated personnel to perform the following scope of services:

1. Agency shall provide collection services for debts owed to the City from delinquent billings.
2. Agency shall designate a manager for the City's account who will be the City's primary contact with Agency.
3. City shall submit delinquent accounts for collection via hard copy, email, electronic file or in writing. Agency shall provide acknowledgement within 10 days of account placement via the same method that the account was submitted.
4. City shall provide documentation to the Agency for each account, including name, any available customer information, last known address, account number, and balance due.
5. Agency shall make a minimum of two written or telephone contacts for each account (unless the account clears sooner) within forty-five (45) days of receipt of account.
6. Agency shall discuss their recommended use of skip tracing on delinquent accounts. Agency to provide specific tools used to conduct skip tracing.
7. Agency should indicate whether the City will have access to the Agency's database in order to determine the progress of the collection efforts.
8. Agency shall maintain complete records of each account referred by the City, including all correspondence, documents, account records, transactions and a detailed log of all collection efforts of actions. These records shall be retained for a minimum of three years after termination of collection actions on each account.
9. Agency shall provide to the City a monthly report on the status of each account including; account number, customer name, the amount received, the charges waived, the balance due and date of last payment, and the actions taken on the account. Agency should immediately advise the City of any account that is paid in

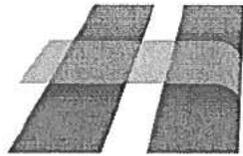
full or deemed uncollectible. If an account is deemed uncollectible, information regarding this determination must be provided to the City.

10. Agency shall provide to the City quarterly financial summary reports including totals for receipts, net accounts receivable, total accounts receivable and collection percentage.
11. Agency shall provide to the City an annual financial summary report as of June 30 (the City's fiscal year end) including totals for receipts, net accounts receivable, total accounts receivable and collection percentage. This report should be submitted to the City no later than July 30th of each year.
12. At any time, all records of the agency pertaining to the City shall be subject to inspection, review, or audit by City, state or federal officials, during the contract period and for six years after the termination of the contract.
13. Agency shall guarantee the confidentiality, security and safety of all files, documents and information provided by the City, except as to disclosure required by federal and state laws and regulations.
14. Agency will exercise its best ethical, prudent, lawful and professional efforts to secure collections on all accounts referred by the City. Collections activities shall comply with all federal, state and local laws, including but not limited to the Federal Fair Debt Collection Practices Act.
15. Agency will process all customer payments in accordance with applicable Payment Card Industry (PCI) security requirements.
16. Agency shall be HIPPA (Health Insurance and Portability and Accountability Act of 1996) compliant and maintain compliance throughout the term of the contract.
17. In accordance with the Fair and Accurate Credit Transaction (FACT) Act, the vendor must have an identity theft prevention program in place.
18. Agency shall report all uncollectible accounts to the major credit bureaus. Reporting must be done in accordance with all federal, state and local laws, including but not limited to, the Fair Debt Collections Practices Act, the Federal Equal Credit Opportunity Act, and the Consumer Credit Protection Act. Agency shall not report accounts to the credit bureaus until the agency has worked the account for 45 days. At the request of the City, the agency shall remove an account notification from all the affected bureaus and provide a copy of that notification to the City.
19. Agency shall not assign or subcontract any portion of the agreement or transfer or assign any claim, pursuant to this contract, without the written consent of the City.
20. Agency shall make contacts with delinquent accounts under the name of the Agency and not the City of Costa Mesa.
21. Agency shall instruct consumers to submit payments to the agency and not to the City of Costa Mesa. The Agency shall be notified of any payments made to the City of Costa Mesa for accounts under collection with the Agency.
22. Agency shall collect and deposit payments from customers and on no less than a monthly basis submit a check to the City for all monies collected, less collection fees, along with a report including the account name and number, amount collected, and collection fees.
23. Any compromise settlement of principal or charges shall be agreed upon in writing between the agency and the City prior to acceptance.

24. Agency may allow for time payment agreements (payment plans) and may enter into time payment agreements with consumers with prior consent of the City.
25. No legal actions shall be taken by the Agency without express written consent of the City.
26. The City would like to improve upon the collection rate while reducing costs incurred to the City. We are looking for a vendor who is able to provide a fee structure wherein the collection fees and interest are collected directly from the debtor rather than paid by the City as a percentage rate of the amount collected.
27. The City may withdraw any accounts without any charge or penalty, except as set forth in the Agreement.
28. In the event of contract termination or the bankruptcy/dissolution of the agency, all accounts and documentation relating to City accounts shall be returned to the City, regardless of status or payment arrangements made with consumers.
29. Agency shall meet with City staff upon execution of contract to discuss all the goals of the relationship, the services to be provided and other topics relevant to performing collections on behalf of the City. Furthermore, Agency shall meet with City staff on an annual basis (or as-needed if issues arise) to discuss all services and how the Agency and City can work together to further reduce debt owed. The City will provide overall guidance on the conduct of collection services, as it reflects upon the City's policies and reputation. Agency will also provide updates to the City on changes in federal and state laws related to credit and collections.
30. The selected Agency shall be fully responsible for maintaining accurate records of all correspondence, working papers, and other related evidence. The records shall be made available to the City as requested.

EXHIBIT B
CONSULTANT'S PROPOSAL

Easier for Clients. Easier for Consumers. Better Value.



**Professional
Credit**

**Proposal for
Collection Agency Services
City of Costa Mesa
RFP No. 19-10**

Our Mission:

"Providing our clients with the greatest monetary recovery available, while maintaining a complete commitment to protecting their image in the eyes of their customers and the public, and assisting them in achieving their mission."





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May 22, 2019

Mr. Fuentes,

The team at Professional Credit appreciates the opportunity to submit this proposal to the City of Costa Mesa, in response to RFP No. 19-10. We understand how unpaid accounts are an obstacle that hinders the ability to provide valuable services to the citizens of Costa Mesa. In order to effectively recover unpaid accounts and balance the City's budget, it is essential to partner with a reliable collection agency who can best address your needs and maintain your reputation by carefully considering citizens' rights and providing a high level of customer service. We believe we are that agency.

Professional Credit brings a new approach to debt collection which combines cutting-edge technology resources with a dedication to consumer well-being, reflected by our belief that consumers truly want to resolve their financial obligations. We offer the following distinct advantages:

- Extensive experience collecting for California clients, including the Cities of Anaheim, Beverly Hills, Burbank, Chico, Corona, Garden Grove, Lincoln, Pomona, Redland and Victorville to name a few. We currently collect for over 750 state, county, municipal, healthcare and business clients.
- Licensed to collect in all 50 states and Washington, D.C., meaning we have the ability to contact consumers in California or those who have moved out of the area.
- Our higher than average recovery rates.
- Our lower than average consumer complaints; we are 99.99% complaint free.
- Our dedicated team of ACA International Certified government collectors who have the experience and training necessary to collect the exact debt types referred.
- Our 85+ years of experience in collecting for government clients with similar needs as the City of Costa Mesa.
- Our rigorous data security and regulatory compliance, with multiple independent audits and certifications including PPMS Certification, ISO/IEC 27002, and SSAE 18.
- Our use of advanced technology and data science including:
- A variety of cutting-edge technologies to provide the most efficient and compliant collection services available including consumer and client portals, modern A/R software, data exchange tools, mobile payment app, texting, and a complete communication suite that monitors 100% of consumer interactions.
- A dedicated Behavioral Science team that, with the help of speech analytics technology, constantly monitors agent and consumer behaviors for opportunities to improve collection processes and consumer interactions.



The City of Costa Mesa's Account Manager and Senior Account Executive will be Rob Nestell, who is located in Springfield, OR.

Rob has worked with government clients for 17 years and the past nine years for Professional Credit.

*Left: **Rob Nestell**
Senior Account Executive*

Debt collection services will be performed at Professional Credit's Operations Center, which is also the nearest location to Costa Mesa, CA.

Operations Center Address: 400 International Way
Springfield, OR 97477

Professional Credit is an S-Corporation with incorporation in the State of Washington.

Professional Credit agrees to comply with all provisions of this RFP and will successfully fulfill the services and technical requirements as stipulated in the Scope of Work. Furthermore, Professional Credit will not use subcontractors to perform any services listed within this RFP.

Professional Credit understands this proposal will remain valid for a period of no less than 180 days from the date of submittal.

We are confident our experience, reputation and proprietary technology processes will meet and exceed the scope of work for RFP No. 19-10 for the City of Costa Mesa.

It is our honor to share the details of Professional Credit's unique methodologies and value with the City of Costa Mesa. We thank all participating members of the review team for their consideration and look forward to a successful working relationship in the future.

Sincerely,



Jeffrey Johnson
Chief Client Officer



*Authorized to
contractually bind the bid:*
Jeffrey Johnson,
Chief Client Officer
12204 SE Mill Plain Blvd.
Vancouver, WA 98684
541-335-2207
jeff@hawes.group

REVISED

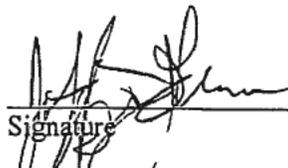
**APPENDIX B
FORMS**

Appendix B, Forms has been revised to include an additional form, the Bidder/Applicant/Contractor Campaign Contribution Form. The revised **APPENDIX B FORMS** are as follows:

- Vendor Application Form**
- Ex Parte Communications Certification**
- Disclosure of Government Positions**
- Disqualification Questionnaire**
- Company Profile & References**
- Bidder/Applicant/Contractor Campaign Contribution Disclosure Form**

All other provisions of the request for proposal shall remain in their entirety.

Vendors hereby acknowledge receipt and understanding of the above Addendum. Complete and submit this Addendum with your proposal.


Signature _____ Date 5/20/19
Jeffrey Johnson, Chief Client Officer
Typed Name and Title

Professional Credit _____
Company Name _____
12204 SE Mill Plain Boulevard
Address
Vancouver WA 98684
City State Zip



**VENDOR APPLICATION FORM
FOR
RFP NO. 19-10
COLLECTION AGENCY SERVICES**

TYPE OF APPLICANT: NEW CURRENT VENDOR

Legal Contractual Name of Corporation: Ray Klein, Inc. dba Professional Credit

Contact Person for Agreement: Jeffrey Johnson

Corporate Mailing Address: 12204 SE Mill Plain Blvd.

City, State and Zip Code: Vancouver, WA 98684

E-Mail Address: jeff@hawes.group

Phone: (541) 335-2207

Fax: 503.972.1764

Contact Person for Proposals: Rob Nestell

Title: Account Manager / Senior Account Executive

E-Mail Address: rob@hawes.group

Business Telephone: (541) 335-2204

Business Fax: 503.972.1764

Is your business: (check one)

NON PROFIT CORPORATION FOR PROFIT CORPORATION

Is your business: (check one)

CORPORATION LIMITED LIABILITY PARTNERSHIP
 INDIVIDUAL SOLE PROPRIETORSHIP
 PARTNERSHIP UNINCORPORATED ASSOCIATION

Names & Titles of Corporate Board Members

(Also list Names & Titles of persons with written authorization/resolution to sign contracts)

Names	Title	Phone
G. Scott Purcell	President	541-393-3181
Joseph Hawes	VP/Secretary/Treasurer	541-335-2205
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Federal Tax Identification Number: 93-0586455

City of Costa Mesa Business License Number: _____

(If none, you must obtain a Costa Mesa Business License upon award of contract.)

Professional Credit will obtain a Costa Mesa Business License upon award of contract.

City of Costa Mesa Business License Expiration Date: N/A

COMPANY PROFILE & REFERENCES

Company Profile

Company Legal Name: Ray Klein, Inc., dba Professional Credit

Company Legal Status (corporation, partnership, sole proprietor etc.): Professional Credit is a Sub Chapter S Corporation, wholly owned by Joseph Hawes

Active licenses issued by the California State Contractor's License Board: N/A

Business Address: 12204 SE Mill Plain Blvd., Vancouver, WA 98684

Website Address: www.professionalcredit.com

Telephone Number: (800) 972-1635 Facsimile Number: 503.972.1764

Email Address: sales@professionalcredit.com

Length of time the firm has been in business: 86 years Length of time at current location: Since 2007

Is your firm a sole proprietorship doing business under a different name: Yes No

If yes, please indicate sole proprietor's name and the name you are doing business under: Professional Credit

Is your firm incorporated: Yes No If yes, State of Incorporation: WA

Federal Taxpayer ID Number: 93-0586455

Regular business hours: Mon.-Thurs. 5 a.m. - 7 p.m., Fri. 5 a.m. - 5 p.m., Sat. 9 a.m. - 1 p.m. (All PST)

Regular holidays and hours when business is closed: Memorial Day, July 4th, Labor Day, Thanksgiving, Christmas

Contact person in reference to this solicitation: Rob Nestell

Telephone Number: (541) 335-2204 Facsimile Number: 541.335.2136

Email Address: rob@hawes.group

Contact person for accounts payable: Ginger Patmore

Telephone Number: (360) 567-4987 Facsimile Number: 503.972.1764

Email Address: gpatmore@hawesfinancial.com

Name of Project Manager: Rob Nestell

Telephone Number: (541) 335-2204 Facsimile Number: 541.335.2136

Email Address: rob@hawes.group

COMPANY PROFILE & REFERENCES

(Continued)

Submit the company names, addresses, telephone numbers, email, contact names, and brief contract descriptions of at least five clients, preferably other municipalities for whom comparable projects have been completed or submit letters from your references which include the requested information.

Company Name: City of Garden Grove Telephone Number: (714) 741-5081
 Contact Name: Jeff Kuramoto Contract Amount: \$100,000
 Email: jeffku@ggcity.org
 Address: 11222 Acacia Parkway, Garden Grove, CA 92840
 Brief Contract Description: Water, Code Enforcement, Business Licenses, Police, Fire, Miscellaneous A/R

Company Name: City of Anaheim Telephone Number: (714) 765-5133
 Contact Name: Riley King Contract Amount: \$200,000
 Address: 201 S. Anaheim Boulevard, Anaheim, CA 92805
 Email: rking@anaheim.net
 Brief Contract Description: Electric, Water, Sewer, Refuse, EMS

Company Name: City of Corona Telephone Number: (951) 736-2453
 Contact Name: Reta Weston Contract Amount: \$75,000
 Email: reta.weston@ci.corona.ca.us
 Address: 400 S. Vicentia Avenue, Corona, CA 92882
 Brief Contract Description: EMS, Business Licenses, Property Damage, Police, Fire, Miscellaneous A/R

Company Name: City of Newport Beach Telephone Number: (949) 644-3153
 Contact Name: Evelyn Tseng Contract Amount: \$500,000
 Address: 3300 Newport Boulevard, Newport Beach, CA 92660
 Email: etseng@newportbeachca.gov
 Brief Contract Description: Utilities, EMS, Jail Booking, Fire Inspections, Permit Fees, Miscellaneous A/R

Company Name: City of Burbank Telephone Number: (818) 238-5484
 Contact Name: Steven Aragon Contract Amount: \$50,000
 Email: saragon@burbankca.gov
 Address: 275 E. Olive Avenue, Burbank, CA 91502
 Brief Contract Description: Water, Electric, EMS, Business Licenses, Fire, Library, Miscellaneous A/R

EX PARTE COMMUNICATIONS CERTIFICATION

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning **RFP No. 19-10 COLLECTION AGENCY SERVICES** at any time after **May 1, 2019**.



Signature
Jeffrey Johnson
Print

Date: May 22, 2019

OR

I certify that Proposer or Proposer's representatives have communicated after **May 1, 2019** with a City Councilmember concerning **RFP No. 19-10 COLLECTION AGENCY SERVICES**. A copy of all such communications is attached to this form for public distribution.

Signature

Print

Date: _____

DISCLOSURE OF GOVERNMENT POSITIONS

Each Proposer shall disclose below whether any owner or employee of Contractor currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

None.

DISQUALIFICATION QUESTIONNAIRE

The Contractor shall complete the following questionnaire:

Has the Contractor, any officer of the Contractor, or any employee of the Contractor who has proprietary interest in the Contractor, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes _____ No X

If the answer is yes, explain the circumstances in the following space.

Background Information

Professional Credit has partnered with government clients similar to the City of Costa Mesa since 1933. For 86+ years now, Professional Credit has been one of the premier collection agencies for governments throughout the United States.

We currently have 168 employees, including 60 highly-trained collectors. We have the experience, advanced technology, and trained personnel to collect at exceptional rates for the City while treating its citizens with respect. Professional Credit has successfully collected on unpaid and delinquent accounts receivable accounts for decades, including permit fees, false alarm charges, fire inspection fees, code violations and NSF checks.

Professional Credit is an industry leader in government collections thanks to:

Advanced Technology

- We use 20+ data vendors with access to countless databases to skip-trace accounts and find consumer contact and asset information
- Our Data Science Team uses data to personalize strategies for each individual account and optimize recovery
- The City can monitor all collector activities with the Client Tools website
- VoizTrail® automated call analytics records & audits 100% of contacts
- In-house account-monitoring program enables us to collect accounts other agencies deem "uncollectible"

Quality Customer Service

- The Consumer Help Desk responds to 100% of consumer complaints
- Bilingual collectors address the needs of your Spanish-speaking citizens

Top Certifications & Industry Recognition

- Simply put, we believe that we are the only collection agency with such a high level of industry recognition—including PPMS™ Certification from ACA International. Only 7% of agencies in the U.S. obtain this distinction.

Method of Approach

All accounts with balances \$25+ receive at least two (2) written notifications, at least three (3) call attempts (including to cell phones and at different times of the day), and automatic processing in our proprietary skip-tracing system if consumer information is missing or incorrect. Accounts eligible for credit reporting are reported to Experian, Equifax, and TransUnion to encourage consumers to resolve their obligations. With our vast skip-tracing capabilities and continual monitoring program, we're able to liquidate older and small balance accounts. We have a large number of clients located throughout the West, and therefore an expansive database of consumers in the area. This means we're able to efficiently find consumers' contact and asset information and link consumer accounts to more effectively collect City's small-balance accounts. Finally, thanks to our Legal Team with representation in the state of Utah, we have the resources necessary to pursue garnishments and other actions on consumers, who have the means to pay, but refuse. We run numerous scrubs and checks to ensure accounts are eligible to receive legal collection activities, including scoring accounts based on the Federal Poverty Level (FPL).

We use purchased recovery scores as well as internally developed scores to evaluate accounts. Additionally, we analyze accounts based on demographics and balances to determine the best strategies for recovery. We score accounts during Initial Collection Activity in order to determine if we should proceed with Advanced Collections Activity or enter accounts into the Robust Monitoring Program for continual monitoring. Accounts with balances \$100+ receive additional contact attempts and skip-tracing using 20+ data vendors who have access to a vast number of databases. Accounts \$5,000+ are reviewed by a supervisor to ensure we apply appropriate work standards. Our internal auditor ensures all work standards are applied on a consistent basis.

Our collections process has four phases. On the following pages is a detailed explanation for each phase.

1. New Account Reception and Preparation

The City will save time and effort when the city transfers accounts to Professional Credit because we accept all file formats. The city can use EDI (Electronic Data Interchange) to standardize accounts and send them electronically. Alternatively, the city can send hard copies. *We will accept any file format the City uses because we value your time.*

The City may deliver accounts through:

- Professional Credit's Client Tools website, an online account management portal for clients. The Client Tools website is encrypted and secured through:
 - TLS (Transport Layer Security)
 - SCP (Secure Copy)
 - SFTP (Secure File Transfer Protocol)
 - Encrypted email
 - Paper files transferred through secure transmission methods

Timely Acknowledgment That We Have Received Accounts

When the City first sends electronic and/or paper files it will have access to the Acknowledgment Report on the Client Tools website. Within 24 hours of account load.

The Acknowledgment Report lists accounts assigned for collection alphabetically and provides:

- The City's account number
- Professional Credit's account number
- Service information and balance
- Age of accounts in months

Within 24 hours, the city will know that experienced collectors are servicing accounts. The City will soon experience the excellent recovery rates that our clients expect.

We Screen New Accounts for Bankruptcy Filings and Deceased Consumers

Professional Credit's compliance record shows that we will respect the City's consumers.

When the City's accounts load, we automatically:

- Check for bankruptcy filings
- Review the Social Security Administration's weekly report for deceased consumers

Through this "scrub check," we:

- Address the legal requirements of the bankruptcy process
- Offer consumers and their families the utmost respect in a difficult time

While many government accounts are not subject to discharge, this process still gives us insight to the circumstances of the consumer so we can be respectful and effective.

2. Initial Collections Activity

Professional Credit Immediately Begins the Collection Process on Accounts

Professional Credit will be both thorough and speedy in recovering revenue. Professional Credit begins **Phase 2: Initial Collections Activity** within 24 hours after accounts load.

We immediately send a validation notice.

The notification includes:

- A toll-free telephone number
- Directions to our easy-to-use online payment portal
- Locations where the city's consumers can pay in cash

Additionally, Professional Credit:

- Includes disclosures required under the FDCPA (Fair Debt Collection Practices Act).
- Uses in-house legal specialists and external ACA International-Certified letter review attorneys to check letters for legal compliance.
- Applies four different readability scores to ensure letters are as effective as possible for a broad array of audiences.
- Sends letters in Spanish for the City's Spanish-speaking consumers.
- Uses input from our Behavioral Science Team to ensure that letters are persuasive, clear, and respectful.
- At the City's request, we will send both English and Spanish validation letters.

We can Speak to Consumers in Many Different Languages

The City's services reach a diverse demographic population. We use sophisticated real-time translation services to better serve consumers' needs.

Spanish Language Capabilities:

- Professional Credit employs numerous collectors who speak both Spanish and English.
- Professional Credit supplies a dedicated phone line for Spanish speakers, which is answered by bilingual collectors.
- Our Spanish phone line features Spanish language voicemail and automated messages.
- Our series of Spanish-language videos walk consumers through making payments in our online payment system, www.pcsdirectpay.com.

In addition, Professional Credit can provide other language capabilities in real-time between collectors and consumers through Certified Languages International.

We Follow All Regulatory Guidelines and Begin the Calling Campaign within 72 Hours

Professional Credit calls consumers as soon as possible after the validation period to effectively recover the City's revenue. While the FDCPA and debt validation requirements may not apply to municipal debts, we still follow the validation period rule as a best practice, which ensures the consumer is aware of the debt and has been given an opportunity to dispute it if indeed it has been communicated in error.

We typically call one or two times in each of the three time frames: morning, afternoon, and evening.

Our large calling facility located in Springfield, Oregon uses an automated outbound dialer.

This dialer:

- Is TCPA (Telephone Consumer Protection Act) compliant¹
- Queues list accounts to be called at regular intervals

Professional Credit Uses 20+ Data Vendors To Skip-trace and Locate Assets

We classify consumers as "skip" when we are unable to contact them:

- At their residence
- At their place of employment
- Through their references

Simply put, access to more data vendors means speedier recovery and greater liquidity rates for the City.

Professional Credit's powerful proprietary "Waterfall" system:

- Uses 20+ data vendors who have access to countless databases, including DMVs (where allowed).
- Allows us to find social security numbers, places of employment, driver license numbers, and much more.
- Performs rigorous skip-tracing on accounts to confirm accurate contact and asset information.
- Enables us to find and contact the City's consumers regardless of their geographical location.
- Allows us to find assets to collect on the City's judgments. We have eleven different place of employment vendors to locate means of payment.

¹ To comply with Federal regulations, collectors manually dial cell phones until they receive authorization to call automatically.

3. Advanced Collection Activity

If we receive no response during **Phase 2: Initial Collections Activity**, we move the account to **Phase 3: Advanced Collections Activity**. Professional Credit's ACA International-Certified collectors use extensive resources to maximize the City's recovery.

Our collectors:

- Carefully review previous work on accounts.
- Use data analytics to find the best strategy for collecting accounts.
- Use advanced collections techniques to ensure the City receives the most recovered revenue possible.

We've Developed our own Collectability Score that Enables us to Provide Better Liquidity Rates

Our Data Science Team, developed PayScore. PayScore is an internal collectability score that accurately evaluates accounts when credit bureau scores are unavailable. Professional Credit's Data Analytics Team and PayScore allow us to specialize in collecting government accounts. This collectability score gives us the information that other agencies struggle to have without purchased scores.

PayScore:

- Streamlines the collections process to ensure the City receives recovered revenue sooner.
- Analyzes account attributes.
- Gives Professional Credit an accurate assessment of our likelihood of collecting on an account.
- Determines the most effective and efficient collection strategy for an account.

We will use the following advanced collections efforts to increase the City's recovered revenue:

- Send 2-3+ additional notices
- Call references
- Call all listed numbers
- Search for more consumer information using our Waterfall skip-tracing tool
- Use manual skip-tracing techniques to research accounts
- Identify assets
- Place so-called "uncollectible" accounts into our continuous monitoring program and collect when consumers experience positive financial changes
- Get credit reports (when allowed)

Sometimes, the City's accounts need the personal touch that only a trained investigator can bring. That's why Professional Credit is here to help. Our specialized investigators manually skip-trace accounts to find consumer contact and asset information.

To find consumer contact information, investigators:

- Review Credit Bureau Report (when applicable)
- Review state agency databases, like the DMV (where allowed) or more obscure databases, like Fish and Wildlife agencies
- Mine Social Media, Telephone Directory, & Directory Assistance Sites
- Perform Real Estate searches and access County Assessor information
- Follow up on references

Additionally, investigators perform weekly, monthly, and quarterly searches for:

- Places of employment
- Real estate holdings
- Bank and brokerage accounts
- Automobiles
- Other assets of value

In short, Professional Credit's investigators will:

- Comb through vast amounts of data to find the City's consumers' information
- Contact the City's consumers
- Help them resolve their financial obligations

Professional Credit's Long-Term Collection Strategy Liquidates So Called "Uncollectible" Accounts

Other agencies will send accounts back to their clients as "uncollectible." These accounts include consumers who are temporarily facing difficult times. However, Professional Credit recognizes that consumers can, over time:

- Improve their financial paths
- Pay their obligations

That's why we created the Robust Monitoring Program. This is a *free service* that constantly monitors the City's accounts with change in life triggers to boost liquidity rates.

The Robust Monitoring Program:

- Maximizes recovery on accounts that our competition would deem unworthy of their time, effort, or resources.
- Uses several vendor programs to continuously monitor accounts for positive changes in consumers' lives.
- Alerts collectors when to re-activate accounts for as long as the account is with Professional Credit.
- Minimizes the number of accounts returned to the City.

The longer the City leaves accounts with Professional Credit, the higher the City's liquidity rate will be.

4. Legal Collection Activity

If the City is interested in using the legal process to improve recovery, you will have a powerful legal ally when partnering with Professional Credit's Legal Team. When the City gives approval, we evaluate accounts for legal action.

Professional Credit makes the legal process as simple as possible for both the City and its consumers. The FDCPA dictates that agencies hold court proceedings in either the consumer's location or the City's state. This makes it easier for them to resolve their financial obligation and return to a solid financing footing.

Professional Credit's Legal Team:

- Controls the timeliness and quality of the legal process by using in-house legal representation in OR, WA, CA, ID, NV, AK, and FL.
- Will save the City time, effort, and money because we are thorough yet speedy when we pursue collection suits
- Is available to take appropriate steps to recover the City's unpaid accounts. City departments without legal collection strategies can rely on our expertise to ethically leverage legal recovery options for each type of account.

For consumers who fall outside of the seven states mentioned above, Professional Credit's Legal Team will forward the City's accounts to attorneys who specialize in creditors' rights law. We typically choose attorneys who are members of one or all of the following groups to ensure that they uphold the City's exacting standards:

- ACA International
- The National Creditors Bar Association (NARCA)

Thorough Evaluation Process Determines if Legal Action is Appropriate

The City's reputation will stay safe because we use an internal, independent Litigation Team.

Our Litigation Team of experienced attorneys and paralegals:

- Reviews collection attempts
- Ensures that we uphold the City's image
- Pursues legal action in the best way possible

Before we move accounts to suit, the Litigation Team verifies:

- Professional Credit gave consumers enough opportunities for voluntary payment(s)
- We resolved any consumer disputes
- The suit upholds the City's values and respects its consumers
- We meet and exceed regulatory requirements
- The consumer has adequate assets to pursue recovery

The Litigation Team focuses on:

- Protecting the City's image
- Respecting the City's consumers
- Recovering the City's revenue

"Last-Chance" Letter Gives Consumers Final Opportunity to Pay before Legal Action

Professional Credit cares about the City's consumers. We will give them every opportunity possible to voluntarily pay their obligations. Once the City, Litigation Team, and the attorney determine that an account will move to suit, Professional Credit sends a "last-chance" letter to consumers who:

- Ignore oral or written demands
- Refuse to pay

This letter clearly communicates to the consumer that this is their final opportunity to pay without incurring additional fees. This letter also:

- Upholds regulatory compliance.
- Strikes a tone that is both persuasive and respectful.
- Demonstrates our drive to be fair and transparent.

We then wait for the defined waiting period (depending on the type of account), and if we receive no response, proceed with the court filing. The City can depend on Professional Credit to:

- Move appropriate cases to suit.
- File suit after we've given consumers every opportunity to pay voluntarily.
- Be fair and transparent to the City's consumers.

Professional Credit will Act on the City's Behalf in Small Claims and Trial Courts

When approved by the City, Professional Credit:

- Safeguards the decision to pursue legal action and acts on the City's behalf to protect the City's image
- Uses in-house attorneys and Small Claims Team when consumers reside in OR, WA, CA, ID, NV, AK, and FL.
- Resolves legal cases using large networks of vetted attorneys
- For accounts that arrive as judgments, our team can facilitate a "direct to garnishment" process, which will quickly recover revenue for the City

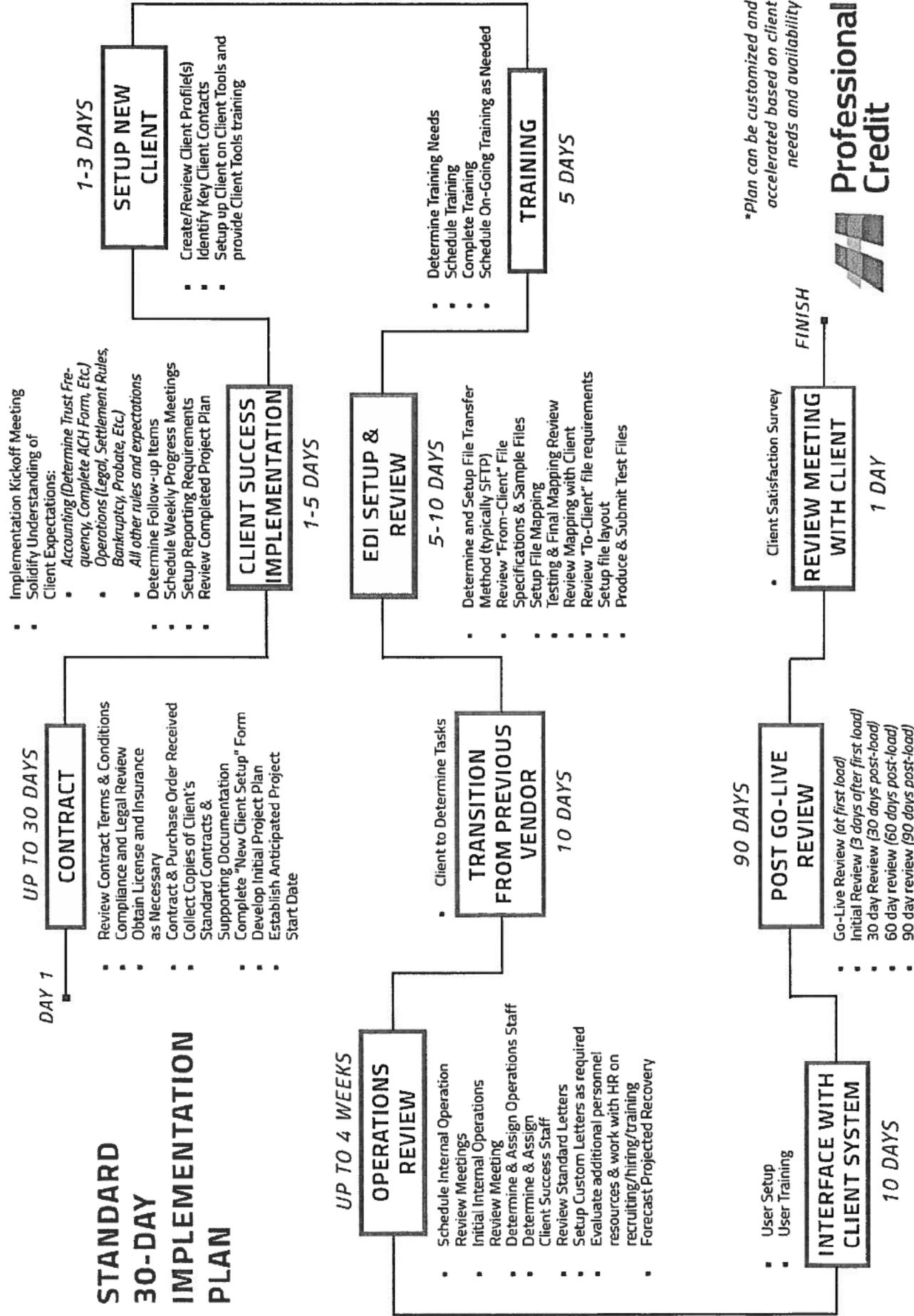
Professional Credit's Litigation Team has the capabilities and experience to collect:

- High-balance accounts
- Difficult to collect accounts

In summary, Professional Credit values our clients, and we will only pursue legal action that will:

- Maintain and protect the City's public image
- Recover the City's revenue in a timely manner
- Follow all federal and state laws and regulations
- Ensure all collection activities remain within the four year Statute of Limitations.

STANDARD 30-DAY IMPLEMENTATION PLAN



Differentiators

The *Client Tools website*, a secure online client portal, offers full transparency by giving Professional Credit clients unfettered access to their accounts and the ability to monitor collection activities.

The *VoizTrail® Communication and Compliance Suite*, automated speech analytics platform, records, analyzes, and audits 100% of consumer interactions. This technology is used to closely monitor quality service and compliance standards. Analysis data is passed on to our Data and Behavioral Science Team that translates behavior trends to create personalized strategies for each individual account to optimize recovery efforts.

The *Robust Monitoring System*, our in-house consumer monitoring program, enables us to collect accounts other agencies deem “uncollectible” by continuously monitoring “can’t pay” consumers for change-in-life triggers which would allow them to resolve their debt.

The *Waterfall Skip-tracing system*, with access to more than twenty vendors, utilizes a variety of databases to discover consumer contact and asset information.

The new *PCS mobile app* makes account management even easier for consumers using Android or iOS smart phones. Consumers can make payments, set up payment plans view account balances and payment history, and communicate through secure messaging for questions to receive alerts and documentation.

Our accounts receivable solution, *ARTrail*, provides us with a variety of tools for efficient and compliant account management. Among its features is seamless data exchange technology which allows us to provide clients with easy-to-read standard and customizable reports. The software also automates backend processes to ensure each stage of the collection process is executed at the right time; eliminating the potential for human error. Additionally, the modern interface eases account navigation for our agents allowing them to exceed industry expectations for call volume.

Speakers’ Bureau

The City will have access to training and education that will help the City and its employees reduce future bad debt and stay updated on any important regulatory changes that will affect the City’s consumers. We are here to help the City save money and maintain compliance with ever-changing industry regulations. Professional Credit’s Speakers’ Bureau provides expert trainings on:

- Accounts Receivable Management
- Compliance
- Leadership, management, and employee motivation
- Lean training to increase efficiency of the City’s daily operations

Qualifications and Experience

Professional Credit is a national collections and accounts receivable management firm, specializing in government, utility, healthcare and financial services, and currently collects for 750+ state, county, and city clients with similar needs to those of the City of Costa Mesa. Professional Credit was established in 1933 and has been successfully collecting for government and private sector accounts for over 86 years. Professional Credit is an S-Corporation with incorporation in the State of Washington. Qualifications provided in more detail on pages 2 and 11.

Professional Credit does not own or control any similar businesses in California. In addition, neither the owner or business manager has been an officer, or director in a similar business in California.



Client Satisfaction

Professional Credit has a unique approach to collections which has shaped its philosophy and methodologies for interacting with consumers. Unlike the more transitional approaches to collections, Professional Credit assumes consumers want to pay their debts. By taking this approach, Professional Credit can promote a mutually beneficial, collaborate relationship with consumers; not only helping them resolve their debt, but doing so in a way that is best for their financial health.

A+ rating from the Better Business Bureau

Voted #1 in customer service by the Oregon Department of Revenue for the past twelve years

Similar Municipalities

Baker County	OR
City of Anaheim	CA
City of Bellevue - Parks-	WA
City of Beverly Hills	CA
City of Bend	OR
City of Boise	ID
City of Burbank	CA
City of Chico - Misc.	CA
City of Chino Hills	CA
City of Corona	CA
City of Eugene -	OR
City of Garden Grove -	CA
City of Idaho Falls	ID
City of Kirkland	WA
City of Lincoln	CA
City of Medford	OR
City of Oakridge -	OR
City of Pomona-	CA
City of Portland	OR
City of Redlands	CA
City of Salem	OR
City of Tacoma	CA
City of Tucson	AZ
City of Victorville	CA
County of Merced	CA

Financial Capacity

Professional Credit's latest audited financial statement is included as Attachment I

Pending Litigation

2017-Kramer v. Professional Credit Service

Plaintiff alleges that Professional intentionally withheld certain exemptions from its Notice of Exemption in garnishments issued to consumers across Oregon. Professional has retained outside counsel to assist in the defense of this case.

2018- Antoine vs. Ray Klein, Inc.

Plaintiff alleges on behalf of a class that Professional Credit misrepresented the amount of interest in its communications. Professional Credit was recently served this lawsuit and is determining its best course of action for defending the Complaint.

Anderson, et al. v. Ray Klein, Inc. Plaintiff alleges on behalf of a class that Professional Credit failed to disclose the identity of the current creditor. Professional Credit has filed a motion to dismiss and is awaiting the Court's ruling.

2019-Houck v. Ray Klein, Inc. Plaintiff alleges on behalf of a class that Professional Credit sent a letter that contained a confusing itemization of balance due. Professional Credit was recently served with this lawsuit, and is determining its best course of action for defending the action.

Russell v. Ray Klein, Inc., Plaintiff alleges on behalf of class that garnishment fees are not allowed to be collected by the agency. Professional Credit was recently served with this lawsuit, and is determining its best course of action for defending the action.

Cawley-Bruso v. Ray Klein, Inc. Plaintiff alleges that Professional Credit added interest unlawfully to Plaintiff's account and sent a letter mentioning litigation as a possibility after the statute of limitations had expired. Professional Credit has denied all allegations and is currently defending the case.

Pruitt v. Ray Klein, Inc. Plaintiff alleges that Professional Credit kept garnished wages after the debt was paid off. Professional Credit was recently served with this lawsuit and is determining its best course of action for defending the Complaint.

McVay v. Ray Klein, Inc. Plaintiff alleges that Professional Credit mischaracterized the amount of the debt. Professional Credit was recently served with this lawsuit and is determining its best course of action for defending the Complaint.

City Staff Requirements

While Professional Credit only requires name, address, and account number; with additional data the City can increase the likelihood of recovery significantly. This information includes, but is not limited to: SSN, date of birth, phone number and place of employment.

Cost Proposal

The fee schedule is included in a separate sealed envelope.
Proposal is valid for a minimum of 180 days following submission.

Disclosures

Professional Credit does not have any past or current business or personal relationships with any current Costa Mesa officials, employees or family members.

Summary of Key Personnel Qualifications

All personnel listed below have at least 12+ years working with municipalities.

City of Costa Mesa <i>KEY PERSONNEL</i>	Responsibilities	Education and Experience
Rob Nestell <i>Senior Account Executive</i>	<ul style="list-style-type: none"> Ensures the client's needs are understood prior and during implementation Creates lasting relationships with clients through tradeshows, on-site trainings and one-on-one meetings 	<ul style="list-style-type: none"> Studied Business, University of Oregon Over 17 years of experience working with governmental clients
Jeff Johnson <i>Chief Client Officer</i>	<ul style="list-style-type: none"> Solicits constant feedback from customers and clients to bolster proper communication Responsible for all of Professional Credit's customer service and client relationships Sets and defines corporate goals for the sales team 	<ul style="list-style-type: none"> B.S. in Business Management, University of Phoenix B.A. in Business and Human Resources Management, Brigham Young University Over 20 years of experience in the collections industry
Jane Hardin <i>Vice President of Client Success</i>	<ul style="list-style-type: none"> Serves as an ongoing resource for Professional Credit's clients Addresses all the needs of our clients for the duration of their contract as the lead of Client Success department 	<ul style="list-style-type: none"> B..A. in Business Administration Ashford University—2013 Over 30 years of experience providing client services
Ralph Hall <i>Implementation & EDI Manager</i>	<ul style="list-style-type: none"> Works closely with Professional Credit's government clients during the duration of the on-boarding process Over 10 years of experience working with collection software and implementing EDI transfers/services 	<ul style="list-style-type: none"> M.B.A., Operations and Logistics focus, Ohio State University - 1996 B.A. in Russian and European Studies, Brigham Young University - 1994
Carl Christensen <i>Vice President of Collections</i>	<ul style="list-style-type: none"> Primary duty is to direct and oversee the production and revenue generating process of the Collection Floor Maintains our team of over 60 collectors and ensures that all collectors abide by client work standards 	<ul style="list-style-type: none"> Studied Management, University of Minnesota and St. Johns University Completed Dale Carnegie Management Course Responsible for all aspects of collections operations
Wade Isbell, J.D. <i>General Counsel & Chief Compliance Officer</i>	<ul style="list-style-type: none"> Instructs collection staff on constantly evolving legal and regulatory issues that impact the debt collection industry Investigates and responds to all consumer complaints received from State Attorney General, Better Business Bureau, and Consumer Financial Protection Bureau 	<ul style="list-style-type: none"> J.D., Cum Laude, Seattle University School of Law - 2010 B.A. in Journalism, University of Washington - 2007 Licensed attorney in Oregon and Nevada Former clerk at the Federal Trade Commission (FTC) ACA International Scholar Certified Credit and Collection
Juanita Chapa <i>Vice President of Legal Operations</i>	<ul style="list-style-type: none"> Maintains Professional Collections Specialist (PCS) certification Maintains Healthcare Collection Manager (HCM) certification 	<ul style="list-style-type: none"> Studied Banking and Finance, Lane Community College Over 30 years of experience in the collections industry

Rob Nestell

Senior Account Executive

400 International Way, Suite 200
Springfield, OR 97477
541-335-2204
rob@hawes.group



*Rob is the main point
of contact for this bid*

PROFESSIONAL EXPERIENCE

I have worked with government clients for 17+ years, nine as a trusted government sales representative at Professional Credit, and I pride myself on my proven track-record of establishing and maintaining excellent client relationships.

Professional Credit

Senior Account Executive 2007 – present

- Expertly build and manage client relationships in Oregon, California, Arizona, and Nevada.
- Create proposals and contracts for clients.
- Train clients on and off-site.
- Represent Professional Credit at trade shows and conferences.

Fluid Connector Products, Inc

Territory Manager 1999 – 2007

- Sold hydraulic and pneumatic components to city, state, and government clients, as well as large OEM recreational vehicle and timber markets.
- Promoted and managed client relationships in the Southern Oregon area.
- Collaboratively worked with purchasing, engineering, and maintenance departments.

Marathon Coach, Inc.

Purchasing Agent 1994 – 1999

- Negotiated and purchased materials for multi-million dollar luxury motorhomes.

CERTIFICATIONS, ASSOCIATIONS, & AFFILIATIONS

- Certified Professional Collection Specialist (PCS), ACA International
- Government Finance Officers Association (GFOA)
- Oregon Association for Court Administration (OACA)
- California Society of Municipal Finance Officers (CSMFO)
- California Association of County Treasurers and Tax Collectors (CACTTC)
- Arizona Court Association (ACA)

EDUCATION

- A.A. in Sales and Marketing, Lane Community College – 1995
- University of Oregon, studied Business – 1988-89

Jeffrey (Jeff) Johnson
Chief Client Officer

12204 SE Mill Plain Blvd, Suite 101
Vancouver, WA 98684
541-335-2207
jeff@hawes.group



Jeff ensures that Professional Credit's clients receive the quality services that define our reputation

PROFESSIONAL EXPERIENCE

I have 20 years of experience in the collection industry, and I use my knowledge of the industry to foster quality relationships with Professional Credit's clients.

Professional Credit:

Chief Client Officer 2006 – present

- Solicit constant feedback from customers and clients to bolster proper communication.
- Responsible for all of Professional Credit's customer service and client relationships.
- Set and define corporate goals for the sales team.
- Hire, train, and maintain sales team members.

Columbia Ultimate, Inc.

Senior Sales and Client Relations Manager 1997 – 2006

- Established and managed key client relationships.
- Worked collaboratively with CEOs, IT Directors, CFOs, and Legal Councils.

Covey Leadership Center/Franklin Covey

Regional Sales Director/Sales Coordinator of International Division 1993 – 1997

- Designed and maintained the database used to store all of the lead information.
- Responsible for all International lead follow-up and sales responsibilities.
- Called and sold related programs specifically to countries in the Middle East.

CERTIFICATIONS & AFFILIATIONS

- Certified 7-Habits Trainer
- Healthcare Financial Management Association (HFMA) – OR, WA, AK, CO, ID Chapters
- American Association of Healthcare Administrative Management (AAHAM) – OR, WA, ID, and UT Chapters)
- Medical Group Management Association (MGMA) – Member

EDUCATION

- B.S. in Business Management, University of Phoenix
- B.A. in Business and Human Resources Management, Brigham Young University

Jane Hardin

Vice President Of Client Success



12204 SE Mill Plain Blvd, Suite 101
Vancouver, WA 98684
360-567-4977
jane@hawes.group

Jane works closely with current clients to ensure that Professional Credit delivers excellent customer service and value

PROFESSIONAL EXPERIENCE

With 30+ years of experience providing unparalleled client services in the credit and finance industry, and seven working government accounts, I am uniquely qualified to be a valuable resource in addressing clients' issues and concerns.

Professional Credit

Vice President of Client Success 2008 – present

- Collaborate with current clients to provide excellent customer service.
- Manage client relationships and ensure Professional Credit maintains client work standards.
- Contribute to the continued success of the region's sales team in achieving sales goals and profitability for the organization.

TransUnion

Account Executive 1993 – 2007

- Maintained current key client relationships and established new ones and promoted TransUnion's customer information services in the state of Oregon and Southwest Washington.
- Provided education and training seminars on customer credit reporting and regulatory responsibilities for both customers and clients.

Chase Manhattan (now J.P. Morgan Chase)

Service Officer – Private Banking 1988 – 1992

- Marketed Chase Private Banking services to qualified individuals.
- Serviced client financial needs including deposit accounts, bond trading, foreign investment opportunities, and specialized loan programs.

Citicorp

Service Officer – Private Banking 1985 – 1988

- Maintained deposit relationships with Private Banking clients and managed over \$500MM in bond portfolio for clients.
- Serviced and monitored custom loan portfolio of \$260MM, including monitoring collateral values.

EDUCATION

- B.A. in Business Administration, Ashford University – 2013

Ralph Hall
VP, Implementation & EDI

12204 SE Mill Plain Blvd, STE 101
Vancouver, WA 98684
360-567-4981
rhall@professionalcredit.com



Ralph, VP of Implementation & EDI, will ensure you experience a seamless transition and on-boarding process

PROFESSIONAL EXPERIENCE

As the VP of Implementation & EDI, I am responsible for guiding every step of the on-boarding process. I have nearly 15 years of experience working with collection software and implementing EDI transfers and services for large-scale clients. I will work closely with you to ensure that Professional Credit fully meets all your needs during the on-boarding experience.

Professional Credit

Implementation & EDI Manager 2017 – present

- Collaborate with State agencies to create a transition strategy tailored to meet their needs.
- Responsible for on-boarding new clients, including implementation and EDI file transfers.
- Conduct Client Tools training.

Columbia Sportswear

Senior Business Analyst, Global IS 2016 – 2017

- Analyzed reported issues and change requests for possible causes and solutions.
- Created and executed test scripts as well as internal processes and documentation.

CarePayment

Senior Implementation Consultant 2014 – 2016

- Consulted with clients to complete file mapping and provide program training.
- Conduct business analysis to prepare for program implementation.

Columbia Ultimate

Senior Implementation Consultant 2004 – 2014

- Provided business analysis, system training, implementation support, and consulting for large-scale clients with similar needs
- Consulted with executives, mid-level managers, supervisors, and front-line staff to identify and document business requirements.

CERTIFICATIONS

- Certified in Cadence Project Management methodology

EDUCATION

- M.B.A., Operations and Logistics focus, Minor in International Business, Ohio State University – 1996
- B.A. in Russian and European Studies, Minor in Economics and Scandinavian Studies, Brigham Young University – 1994

EXHIBIT C
FEE SCHEDULE

Professional Credit charges a 18% collection fee on any principal balance collected. Professional Credit will not pursue any legal action without express written consent from the City. There will be no additional charges to the City of Costa Mesa for services provided within this proposal.

Collection fees are as follows:

Description	Collection Fee
Full Collection Rate	18%
Legal Action Rate (if required)	25%

Payment In Full Example	
Principal Amount Referred	\$100
Collection Fee	18%
Recovery	\$118
Amount Paid to the City	\$100
Amount Paid to Professional Credit	\$18

Exception to Sample Professional Service Agreement: 4.2 and Scope of Work #27. If the City withdraws an account in which Professional Credit has filed legal proceedings, we would require reimbursement of our out-of-pocket legal expenses. Otherwise, all services are included in our collection fee.

Thank you for your consideration.

EXHIBIT D
CERTIFICATES OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/26/2019

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

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

PRODUCER Arthur J. Gallagher & Co. 4250 Congress St., Suite 200 Charlotte NC 28209	CONTACT NAME: Debbie Rongo	
	PHONE (A/C, No, Ext): 704-362-2992	FAX (A/C, No): 704-362-1997
E-MAIL ADDRESS: debbie_rongo@ajg.com		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: Indian Harbor Insurance Company		36940
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

INSURED PROFPCRE-01 **CERTIFICATE NUMBER:** 32545638 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Errors & Omissions		MPP903545902	8/1/2019	8/1/2020	Each Claim Limit \$3,000,000 Policy Period Agg \$3,000,000 Each Claim Deductible \$50,000

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

CERTIFICATE HOLDER City of Costa Mesa 77 Fair Dr Costa Mesa CA 92626	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	---



ADDITIONAL REMARKS SCHEDULE

AGENCY Alliance Insurance Group		NAMED INSURED Ray Klein, Inc. dba Professional Credit Service 400 International Way, Suite 100 Springfield, OR 97477 Lane County	
POLICY NUMBER SEE PAGE 1		EFFECTIVE DATE: SEE PAGE 1	
CARRIER SEE PAGE 1	NAIC CODE SEE P 1		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

The referenced policies shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City.



One Tower Square, Hartford, Connecticut 06183

**COMMERCIAL GENERAL LIABILITY
COVERAGE PART DECLARATIONS**

POLICY NO.: H-630-3K693576-PHX-19
ISSUE DATE: 08-30-19

INSURING COMPANY:
THE PHOENIX INSURANCE COMPANY

DECLARATIONS PERIOD: From 10-03-19 to 06-01-20 12:01 A.M. Standard Time at your mailing address shown in the Common Policy Declarations.

The Commercial General Liability Coverage Part consists of these Declarations and the Coverage Form shown below.

1. COVERAGE AND LIMITS OF INSURANCE:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM	LIMITS OF INSURANCE
General Aggregate Limit (Other than Products-Completed Operations)	\$ 2,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage To Premises Rented To You Limit (any one premises)	\$ 300,000
Medical Expense Limit (any one person)	\$ 10,000

2. AUDIT PERIOD: NONE

3. FORM OF BUSINESS: CORPORATION

4. NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

**COMMERCIAL GENERAL LIABILITY COVERAGE
IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
XTEND ENDORSEMENT FOR FINANCIAL INSTITUTIONS

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to this Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- A.** Repossessed Watercraft – 25 Feet Long Or Less
- B.** Who Is An Insured – Employees And Volunteer Workers – Bodily Injury To Co-Employees And Co-Volunteer Workers
- C.** Blanket Additional Insured – Persons Or Organizations For Your Ongoing Operations As Required By Written Contract Or Agreement
- D.** Blanket Waiver Of Subrogation
- E.** Contractual Liability – Railroads
- F.** Damage To Premises Rented To You

PROVISIONS

A. REPOSSESSED WATERCRAFT – 25 FEET LONG OR LESS

The following replaces Paragraph (1) of Exclusion g., Aircraft, Auto Or Watercraft, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

- (1) A watercraft that is:
 - (a) Ashore on premises you own or rent; or
 - (b) Repossessed by you or the Insured that is:
 - (i) 25 feet long or less; and
 - (ii) Ashore on premises you do not own or rent;

B. WHO IS AN INSURED – EMPLOYEES AND VOLUNTEER WORKERS – BODILY INJURY TO CO-EMPLOYEES AND CO-VOLUNTEER WORKERS

The following is added to Paragraph 2.a.(1) of SECTION II – WHO IS AN INSURED:

Paragraphs (1)(a), (b) and (c) above do not apply to "bodily injury" to a co-"employee" while in the course of the co-"employee's" employment by you or performing duties related to the conduct of your business, or to "bodily injury" to your other

"volunteer workers" while performing duties related to the conduct of your business.

C. BLANKET ADDITIONAL INSURED – PERSONS OR ORGANIZATIONS FOR YOUR ONGOING OPERATIONS AS REQUIRED BY WRITTEN CONTRACT OR AGREEMENT

The following is added to SECTION II – WHO IS AN INSURED:

Any person or organization that is not otherwise an insured under this Coverage Part and that you have agreed in a written contract or agreement to include as an additional insured on this Coverage Part is an insured, but only with respect to liability for "bodily injury", "property damage", or "personal and advertising injury" that:

- a. is "bodily injury" or "property damage" that occurs, or is "personal and advertising injury" caused by an offense that is committed, subsequent to the signing of the contract or agreement; and
- b. is caused, in whole or in part, by your acts or omissions in the performance of your ongoing operations to which that contract or agreement applies or the acts or omissions of any person or organization performing such operations on your behalf.

The limits of insurance provided to such insured will be the minimum limits that you agreed to provide in the written contract or agreement, or

COMMERCIAL GENERAL LIABILITY

the limits shown in the Declarations, whichever are less.

D. BLANKET WAIVER OF SUBROGATION

The following is added to Paragraph 8., **Transfer Of Rights Of Recovery Against Others To Us**, of SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:

If the insured has agreed in a contract or agreement to waive that insured's right of recovery against any person or organization, we waive our right of recovery against such person or organization, but only for payments we make because of:

- a. "Bodily injury" or "property damage" that occurs; or
- b. "Personal and advertising injury" caused by an offense that is committed;

subsequent to the execution of the contract or agreement.

E. CONTRACTUAL LIABILITY – RAILROADS

- 1. The following replaces Paragraph c. of the definition of "insured contract" in the DEFINITIONS Section:
 - c. Any easement or license agreement;
- 2. Paragraph f.(1) of the definition of "insured contract" in the DEFINITIONS Section is deleted.

F. DAMAGE TO PREMISES RENTED TO YOU

The following replaces the definition of "premises damage" in the DEFINITIONS Section:

"Premises damage" means "property damage" to:

- a. Any premises while rented to you or temporarily occupied by you with permission of the owner; or
- b. The contents of any premises while such premises is rented to you, if you rent such premises for a period of seven or fewer consecutive days.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS AUTO EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- A. BROAD FORM NAMED INSURED**
- B. BLANKET ADDITIONAL INSURED**
- C. EMPLOYEE HIRED AUTO**
- D. EMPLOYEES AS INSURED**
- E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS**
- F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS**
- G. WAIVER OF DEDUCTIBLE – GLASS**
- H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT**
- I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT**
- J. PERSONAL PROPERTY**
- K. AIRBAGS**
- L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS**
- M. BLANKET WAIVER OF SUBROGATION**
- N. UNINTENTIONAL ERRORS OR OMISSIONS**

PROVISIONS

A. BROAD FORM NAMED INSURED

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any organization you newly acquire or form during the policy period over which you maintain 50% or more ownership interest and that is not separately insured for Business Auto Coverage. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.

B. BLANKET ADDITIONAL INSURED

The following is added to Paragraph c. in A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Covered Autos Liability Coverage, but only for damages to which

this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Section II.

C. EMPLOYEE HIRED AUTO

1. The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in an "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. The following replaces Paragraph b. in B.5., **Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1) Any covered "auto" you lease, hire, rent or borrow; and
- (2) Any covered "auto" hired or rented by your "employee" under a contract in an "employee's" name, with your

COMMERCIAL AUTO

permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

D. EMPLOYEES AS INSURED

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph A.2.a.(2), of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

(2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph A.2.a.(4), of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**:

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS

The following replaces Subparagraph (5) in Paragraph B.7., **Policy Period, Coverage Territory**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

(5) Anywhere in the world, except any country or jurisdiction while any trade sanction, embargo, or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction, for Covered Autos Liability Coverage for any covered "auto" that you lease, hire, rent or borrow without a driver for a period of 30 days or less and that is not an "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

(a) With respect to any claim made or "suit" brought outside the United States of America, the territories and possessions of the United States of America, Puerto Rico and Canada:

(i) You must arrange to defend the "insured" against, and investigate or settle any such claim or "suit" and keep us advised of all proceedings and actions.

(ii) Neither you nor any other involved "insured" will make any settlement without our consent.

(iii) We may, at our discretion, participate in defending the "insured" against, or in the settlement of, any claim or "suit".

(iv) We will reimburse the "insured" for sums that the "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, that the "insured" pays with our consent, but only up to the limit described in Paragraph C., **Limits Of Insurance**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**.

(v) We will reimburse the "insured" for the reasonable expenses incurred with our consent for your investigation of such claims and your defense of the "insured" against any such "suit", but only up to and included within the limit described in Paragraph C., **Limits Of Insurance**, of **SECTION II – COVERED AUTOS LIABILITY COVERAGE**, and not in addition to such limit. Our duty to make such payments ends when we have used up the applicable limit of insurance in payments for damages, settlements or defense expenses.

(b) This insurance is excess over any valid and collectible other insurance available to the "insured" whether primary, excess, contingent or on any other basis.

(c) This insurance is not a substitute for required or compulsory insurance in any country outside the United States, its territories and possessions, Puerto Rico and Canada.

You agree to maintain all required or compulsory insurance in any such country up to the minimum limits required by local law. Your failure to comply with compulsory insurance requirements will not invalidate the coverage afforded by this policy, but we will only be liable to the same extent we would have been liable had you complied with the compulsory insurance requirements.

- (d) It is understood that we are not an admitted or authorized insurer outside the United States of America, its territories and possessions, Puerto Rico and Canada. We assume no responsibility for the furnishing of certificates of insurance, or for compliance in any way with the laws of other countries relating to insurance.

G. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph D., **Deductible**, of SECTION III – **PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT

The following replaces the last sentence of Paragraph A.4.b., **Loss Of Use Expenses**, of SECTION III – **PHYSICAL DAMAGE COVERAGE**:

However, the most we will pay for any expenses for loss of use is \$65 per day, to a maximum of \$750 for any one "accident".

I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph A.4.a., **Transportation Expenses**, of SECTION III – **PHYSICAL DAMAGE COVERAGE**:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

J. PERSONAL PROPERTY

The following is added to Paragraph A.4., **Coverage Extensions**, of SECTION III – **PHYSICAL DAMAGE COVERAGE**:

Personal Property

We will pay up to \$400 for "loss" to wearing apparel and other personal property which is:

- (1) Owned by an "insured"; and

- (2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to this Personal Property coverage.

K. AIRBAGS

The following is added to Paragraph B.3., **Exclusions**, of SECTION III – **PHYSICAL DAMAGE COVERAGE**:

Exclusion 3.a. does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs A.1.b. and A.1.c., but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated.

We will pay up to a maximum of \$1,000 for any one "loss".

L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

The following is added to Paragraph A.2.a., of SECTION IV – **BUSINESS AUTO CONDITIONS**:

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

- (a) You (if you are an individual);
- (b) A partner (if you are a partnership);
- (c) A member (if you are a limited liability company);
- (d) An executive officer, director or insurance manager (if you are a corporation or other organization); or
- (e) Any "employee" authorized by you to give notice of the "accident" or "loss".

M. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph A.5., **Transfer Of Rights Of Recovery Against Others To Us**, of SECTION IV – **BUSINESS AUTO CONDITIONS**:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by

COMMERCIAL AUTO

such contract. The waiver applies only to the person or organization designated in such contract.

N. UNINTENTIONAL ERRORS OR OMISSIONS

The following is added to Paragraph **B.2., Concealment, Misrepresentation, Or Fraud,** of **SECTION IV – BUSINESS AUTO CONDITIONS:**

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

Carrier No: 20001 Endorsement No: WC360601E
Policy No: 370636

RAY KLEIN INC
DBA: PROFESSIONAL CREDIT SERVICE
PO BOX 7548
EUGENE, OR 97401-0039

Oregon Cancellation Endorsement

This endorsement applies only to the insurance provided by the policy because Oregon is shown in Item 3.A. of the Information Page.

The Cancellation Condition of the policy is replaced by this Condition:

D. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us, stating when the cancellation is to take effect. If you provide for other insurance or self-insurance, your cancellation of coverage will take effect upon the effective date of that insurance.
2. We may cancel this policy. We will mail to you advance written notice stating when the cancellation is to take effect.
 - a. If we cancel based on our decision not to offer insurance to all employers within your premium category, we will mail the notice of cancellation at least 90 days before the cancellation is to take effect.
 - b. If we cancel for other reasons, we will mail the notice of cancellation at least 45 days before the cancellation is to take effect.
 - c. If we cancel for nonpayment, we will mail notice of cancellation at least 10 days before the cancellation is to take effect.
3. Mailing notice to you at your last known mailing address will be sufficient to prove notice.
4. The policy period will end at 12:00 midnight on the day stated in the cancellation notice.
5. When coverage is placed with another carrier as of the policy expiration date, a rejected renewal policy shall be withdrawn without charge, provided notice of nonrenewal is mailed and postmarked on or before the expiration date and is received from the insured by the insurer no later than 10 calendar days after said expiration date.

Effective Date: 10-01-2010

This endorsement is part of your policy. This endorsement amends and controls anything to the contrary. It is otherwise subject to all other terms of your policy.

Countersigned 08-25-2010 at Salem, Oregon

210a



Brenda JP Rocklin, President
and Chief Executive Officer

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time

during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at

the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while

acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

COMMON POLICY CONDITIONS – DELUXE

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 60 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.

Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force until such property is delivered and accepted.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

1. We have the right but not obligated to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake related only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. PREMIUMS

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.

2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. WHEN WE DO NOT RENEW

If we decide not to renew this policy we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

H. DELUXE PROPERTY COVERAGE PART-REFERENCE TO FORMS AND ENDORSEMENTS

In some instances, the Deluxe Property Declarations may list endorsements included in the Deluxe Property Coverage Part that reference:

1. The Commercial Property Coverage Part;
2. The Commercial Inland Marine Coverage Part;
3. Commercial Property forms including, but not limited to, the following:
 - a. Building and Personal Property Coverage Form;
 - b. Business Income Coverage Form;
 - c. Commercial Property Conditions;
 - d. Causes of Loss – Special Form;
 - e. Causes of Loss – Earthquake Form.
4. Commercial Inland Marine Forms including but not limited to the Transportation Coverage – Special Form

Endorsements referencing the Commercial Property Coverage Part, Commercial Inland Marine Coverage Part, Commercial Property Forms, or Commercial Inland Marine Forms apply to the Deluxe Property Coverage Forms in the same manner as they apply to the Forms they reference.

I. INSURANCE UNDER TWO OR MORE COVERAGE PARTS

If two or more of this policy's Coverage Parts apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

- The Travelers Indemnity Company (IND)
- The Phoenix Insurance Company (PHX)
- The Charter Oak Fire Insurance Company (COF)
- Travelers Property Casualty Company of America (TIL)
- The Travelers Indemnity Company of Connecticut (TCT)
- The Travelers Indemnity Company of America (TIA)
- Travelers Casualty Insurance Company of America (ACJ)


Secretary


President

EXHIBIT E

CITY COUNCIL POLICY 100-5

CITY OF COSTA MESA, CALIFORNIA

COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

POLICY

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
 - A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;
 - B. Establishing a Drug-Free Awareness Program to inform employees about:

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

1. The dangers of drug abuse in the workplace;
 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
 3. Any available drug counseling, rehabilitation and employee assistance programs; and
 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- C. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- D. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
1. Abide by the terms of the statement; and
 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- E. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- F. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
1. Taking appropriate personnel action against such an employee, up to and including termination; or
 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- G. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
 - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
 - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
 - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
 3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.