

STATE OF MONTANA TERM CONTRACT

Department of Administration
 State Procurement Bureau
 165 Mitchell Building
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 Helena, MT 59620-0135
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T.C. #: SPB15-3051V-A
Title: Debt Collection Services
This is a non-exclusive contract.

CONTRACT TERM	FROM	March 23, 2015	CONTRACT STATUS	NEW (x)
	TO	February 28, 2018		RENEW ()
VENDOR ADDRESS	Collection Bureau Services Inc. 212 East Spruce Street Missoula, MT 59806		ORDER ADDRESS	
ATTN:	Jeff Koch		ATTN:	
PHONE:	(406) 721-4454		PHONE:	
FAX:	(406) 829-1930		FAX:	
E-MAIL:	jeffk@collectionbureau.biz		E-MAIL:	

PRICES: Per Contract Agreement
 DELIVERY: Per Contract Agreement
 F.O.B.: Per Contract Agreement
 TERMS: Per Contract Agreement

REMARKS:

SPB15-3051V



Rick Dorvall, CONTRACTS OFFICER

DATE: 03/31/15

AUTHORIZED SIGNATURE

**DEBT COLLECTION SERVICES
CONTRACT# SPB15-3051V-A**

THIS CONTRACT is entered into by and between State of Montana Department of Administration, General Services Division, State Procurement Bureau, (State), whose address and phone number are 125 N. Roberts St., Helena, MT 59620-0135, 406-444-2776 and Collection Bureau Services, Inc., (Contractor), whose address and phone number are 212 E. Spruce St., Missoula, MT 59802 and 406-721-4454.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon execution through February 28, 2018, unless terminated earlier as provided in this contract. In no event is this contract binding on State unless State's authorized representative has signed it. The legal counsel signature approving legal content of the contract and the procurement officer signature approving the form of the contract do not constitute an authorized signature.

1.2 Contract Renewal. State may renew this contract under its then-existing terms and conditions in two-year intervals, or any interval that is advantageous to State. This contract, including any renewals, may not exceed a total of seven years.

2. COST

2.1 Cost. Cost for services under this contract are:

Primary Placement Accounts: 20%

Secondary (or subsequent) Placement Accounts: 20%

3. SERVICES

Contractor shall provide State the following: Debt Collection Services as outlined below and per the Scope of Services as listed in the RFP.

3.1 GENERAL RESPONSIBILITIES

- A. Based upon statutory formula, Contractor shall develop methods of allocating and tracking monies by revenue type (interest, penalties, fines, etc.).
- B. Contractor, its agents or representatives, shall not initiate court proceedings or court based collections in State of Montana or in any other jurisdiction for the purpose of collecting receivables owed to State except as provided by law and specifically authorized in writing by State.
- C. Contractor shall provide State with direct on-line access to Contractor's computer records for purposes of monitoring Contractor's performance and answering citizen questions within two (2) weeks following first placement of accounts.
- D. Contractor shall obtain prior written approval from State Agencies for use of all forms and letters for the services outlined in this contract.

- E. Contractor shall notify Agencies within 24 hours of receivables in which fraud is suspected of any person associated with a referred receivable.
- F. Debtor disputes shall be resolved with the referring Agency.
- G. All documentation and correspondence to meet state and federal audit requirements and policies and procedures, shall be maintained by Contractor in a receivable file or on an automated system approved by the Agency.
- H. Contractor shall, within 30 days prior to receiving initial placements, train appropriate Agency staff regarding the use of any databases that may be developed for information transfer and use of Contractor's computer system and reports.
- I. Contractor shall immediately notify the Agency upon receipt of a complaint lodged orally or in writing and the resolution thereof.
- J. All new or changed receivable information discovered by Contractor shall be communicated to the Agency pursuant to their SLA.
- K. Contractor shall have and maintain a disaster recovery plan. The plan pertaining to State data will be submitted to the Agency upon request.
- L. Correspondence, telephone inquiries, or any other types of communication received by Contractor from an elected official, state or federal agency or media representative shall be referred to the Agency for a jointly prepared response.
- M. Contractor certifies the data processed during the performance of this contract will be completely purged from all data storage components of their computer facility, and Contractor will retain no output at the time the work is completed. Completion of work shall be defined in agency SLA. If immediate purging of all data storage components is not possible, Contractor certifies that any IRS Data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- N. Contractor shall neither forgive nor compromise receivables without the express written consent of the Agency, nor shall Contractor make or solicit an offer of compromise or forgiveness of receivables. An unsolicited offer of compromise or forgiveness of receivables from a debtor shall be immediately communicated to the Agency for authorization.
- O. Debtor payment agreements:
 - 1. Contractor may enter into installment agreements with debtors provided the installment agreement complies with guidelines of Agency SLA.
 - 2. All payment agreements shall contain language that the existence of the payment agreement and/or compliance with the payment agreement shall not preclude State Agencies from continuing to use state and federal tax offset procedures; statewide warrant program or any other state or local government tool that may be

used to enforce the payment of state debt. Contractor shall follow all applicable state and federal laws when entering into any payment agreement.

3. Contractor shall provide (at no cost to State) a nationwide toll free telephone service for use by State and all parties involved in the receivables being handled by Contractor.
4. Contractor shall have nationwide resources to effect collection, including ability to skip-trace and seek legal remedies as defined in SLA.
5. Contractor shall acknowledge receipt of the receivables(s) within five (5) working days and promptly begin collecting, documenting actions taken and monitoring payments received as defined in the performance standards.
6. Contractor shall establish policies and procedures to maintain correct account balances these balances must be update at least once a week. The outstanding balance must never be out of balance by more than one week's interest or as specified in the SLA. If it is found that balances are not maintained adequately, the contract may be terminated after notification to Contractor.

3.2 SYSTEM AND SYSTEM INTERFACES

Contractor is responsible for the costs and the development of systems and system interfaces to facilitate the transfer of data with Agencies.

If an Agency permits Contractor access to Agency debtor files, Contractor and Agency agree to negotiate the most cost effective method for such access. The negotiated cost of such development shall be Contractor's responsibility.

Contractor shall develop mutually acceptable processes and procedures for Agencies unable to give Contractor electronic access to collection data.

3.3 REFERRAL OF DELINQUENT RECEIVABLES

- A. Agencies may, at their choice, refer receivables to multiple State Contractors. The SLA will identify receivable allocations.
- B. Placements:
 1. Initial placement: Contractor shall provide continual collection services for a period of 12 months unless the debt is recalled by the Agency, as defined in the SLA.
 2. Second placements: At the discretion of the Agency, primary receivables that are not collected or in a resolution process during the 12 month initial placement period may be placed a second time with other State collection Contractors for a period of at least 6 months. Second placement receivables may be recalled as defined in the SLA.
 3. Receivables not collected in the additional period will be returned to the referring Agency.

4. Upon returning initial or second placements, a complete history of Contractor's collection efforts must be provided by Contractor to the Agency.
5. Agencies shall provide updated client information and new debts as outlined in the SLA.
6. Dishonored checks may be placed with one or multiple Contractors depending on the Dishonored check collection program, experience, and recovery rate.
7. The number and types of receivables referred to Contractor shall be defined in the SLAs.
8. When possible, debt placement information will include:
 - a. Name of responsible person or entity
 - b. Address information
 - c. Employer information
 - d. Telephone number
 - e. Amount owed
 - f. Other available information
9. Agencies will make every effort to provide Contractor with the most accurate data possible, however, Contractor shall immediately notify the Agency of any inaccuracies discovered.
10. Contractor shall provide continual collection services unless the receivable is recalled by an Agency for one of the following reasons:
 - a. A new court order for current support in an arrearage receivable becomes effective for the receivable.
 - b. The obligation owed by the debtor is fully resolved through other means.
 - c. The receivable is closed according to federal receivable closure requirements.
 - d. The receivable is referred in error.
 - e. The debtor is deceased and the search for available assets is exhausted.
 - f. The debt is incorrectly calculated.
 - g. The receivable is involved in pending litigation for an Agency that does not authorize Contractor to perform litigation services. Agencies that are authorized may use Contractor's litigation services.
 - h. The receivable is involved in administrative appeal.
 - i. The court ordered obligation is suspended.
 - j. Other as identified in SLA.
11. Agencies may recall a receivable by fax, e-mail or telephone call. Contractor shall discontinue all collection activity immediately but no later than two (2) working days from the Agency notification date.
12. Contractor shall accept all placements whether the debtor resides in or outside State.
13. Collection efforts must be made on all receivables regardless of age, amount,

location or other factors of the debt.

14. If the Contractor receives notification that a debtor has filed a bankruptcy petition, it will obtain the filing date, docket number of the bankruptcy receivable, name and address of the court in which the petition was filed and the name and telephone number of the debtor's attorney. Contractor shall immediately stop collecting the debt and return the receivable according to the SLA. Information obtained in relation to the bankruptcy will be forwarded to the referring Agency.

3.4 REQUIRED REPORTING

- A. Contractor shall provide the Agency with reports, by the 10th of each month, for the prior calendar month. Reports shall include:
 1. Number and dollar amount of receivables referred
 2. Number of agents working on the accounts place
 3. Number and dollar amount of receivables returned by category (refer to 3.4.6.A within RFP)
 4. Date of referral/return, age to resolution
 5. Number of referred receivables not yet returned to State
 6. Recovery rate of referred/returned receivables
 7. Type of collection made (Public Asst., Tax, overpayment, etc.)
 8. Repayment agreements in effect
 9. Uncollectible receivables, broken out on the report by reason (i.e. bankrupt, incarcerated, deceased, public assistance recipient, etc.)
 10. Bankruptcy and legal actions taken on each receivable and the dates of such actions
 11. Total fees charged by Contractor
 12. Other information identified in SLA.

3.5 PAYMENT TERMS

- A. Agencies shall pay Contractor a contingent or fixed fee(s) on all payments made on receivables assigned to Contractor that result from the direct collection effort of Contractor.
- B. Payments are subject to adjustments, damages or offsets pursuant to the terms and conditions stated in this contract.
- C. The payment invoice must itemize, by Agency, the total collections and fees to facilitate agency review and reconciliation.
- D. Contractor shall instruct debtors to make payments based on SLAs.
- E. Contractor shall process all payments received by Contractor as follows:
 - Verify, process and deposit the checks, money orders, etc. daily.
 1. Appropriately record the payment to the verified receivable.
 2. Update all receivables, including interest and penalty calculations on a regular basis as specified in SLA.

3. Unless defined differently in the SLA, Contractor shall remit gross dollars collected for the Agency through ACH as defined below:
 - i. Remit guaranteed payments (e.g., cash payments) in the next ACH transfer to the Agency
 - ii. Remit non-guaranteed payments (personal checks) in the next ACH transfer no later than 14 working days from the date of deposit
 - iii. In no instance, shall the remittance to the Agency be greater than 18 working days from the deposit date.
- F. Contractor remittance reports shall identify the receivable #, receivable name, date of payment, total amount collected, amount remitted for each debtor, allocation of the payment, ending balance and other information that may be identified in the SLAs.
- G. Agencies will continue to refer receivables placed with Contractor to all electronic intercept match programs available to State including the Federal IRS Tax Refund, State Tax Refund, State Administrative Offset program, New Hire Registry; etc.
- H. Collections for which State will not pay Contractor include, but are not limited to:
1. Receivable offset or intercept
 2. License sanction
 3. Administrative levy (when the asset is identified by the Agency prior to Contractor identification)
 - a. Income withholding.
 - b. Electronic intercepts asset information or levy source identified by the Agency one or more days prior to notification by Contractor of same information.
 - c. Receivables returned to the Agency as uncollectible.
 - d. Uncollected portion of a debt where collection actions are either suspended temporarily or permanently by Contractor or Agency.
 - e. Amendments or correcting adjustments made to the receivable subsequent to the placement date.
 - f. Money collected through the sale of real or personal property, unless Contractor can demonstrate to the Agency's satisfaction the collection is a direct result of Contractor's actions.
 - g. Payments posted after the filing of or received from a bankruptcy, unless Contractor through a court appearance was responsible for confirming and securing the Agency's position in the bankruptcy receivable.
 - h. Direct payment in full received by the Agency from the client prior to the client being contacted by the vendor within 10 days from the date the receivable is referred to Contractor.
 - i. The Agencies shall send updates to Contractor to report collections made directly to the Agency, as well as any other adjustments to receivable balances.
 - j. Contractor shall not be reimbursed for any costs or obligations of doing business. The monthly payment for services directly attributable to Contractor is the only payment for which State is obligated under this Contract, except as agreed upon in the SLA.
 - k. Contractor shall provide a written summary of payments received from any debtor that makes such a request in writing.

3.6 PERFORMANCE STANDARDS

- A. Work performed by Contractor will be measured by revenue collection or net back to State.
- B. Monthly, Contractor shall report work performance as outlined in the RFP, Sections 3.5.6 A and 3.5.6 B to Agencies making direct placements, and monthly in summary for State.
- C. Measurements reported, as defined in RFP , Section 3.5.6 B, may be used by the Agency to determine percent of future placements.
- D. Contractor through call management systems and service observing will monitor work performed by Contractor representatives in the course of collections. Contractor shall recommend frequency and criteria for monitoring to be approved or negotiated and documented within Agency Service Level Agreements, and audited against annually.
- E. Contractor shall outline its level of collection effort to include timing of collection events by dollar range for first (initial) or second placements and caseload per agent. These collection performance standards shall be approved or negotiated and documented within Agency SLAs and audited against annually.
- G. Contractor shall balance and reconcile with the Agency as defined in Agency SLAs for:
 - 1. Inventory of placements
 - 2. Remittance with deposits
- H. Contractor shall recommend behavioral and customer service standards used by Contractor representatives to be approved or negotiated and documented within Agency SLA and audited against annually.
- I. Contractor representatives shall verify and document "right party contact" with each call made, and follow all training and confidentiality agreements.
- J. Contractor shall immediately stop collection activity upon any recall request by the Agency.
- K. The Agency shall provide Contractor with the amount of the debt at the time of placement. If regular financial updates are not provided by the Agency, Contractor shall accrue and quote payoff based on SLA. Payoff errors shall be the responsibility of Contractor.
- L. Work performed by Contractor in accordance with the contract and any SLA will be verified annually by Agency through audit sampling process.

3.7 CONFIDENTIALITY

- A. The Contractor shall treat all information which it obtains by its performance under the Contract, as **private/confidential information, as provided under State and Federal law.**
- B. No private or confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by statute, either during the period of the Contract or thereafter. Contractor shall protect the information contained in any necessary database(s) and provide safeguards ensuring that the information will be used only for the following purposes:
1. Collecting Agency debt and locating individuals owing money to the Agency.
 2. Allowing Contractor to report updated information on referred receivables.
 3. Allowing Contractor to report on the initiated activities to collect delinquent receivables.
 4. Allowing Contractor to explain the basis for collection action to debtors.

Use of the information contained in any necessary database(s) for any purpose other than those stated above shall be considered a material breach of the confidentiality requirements of this Contract.

- C. Contractor agrees:
1. That information provided by the Agency cannot be used to collect or locate any other debt except Agency debt. In addition, information provided by the ORS, State Tax Commission, Workforce Services, etc. shall be limited to the use of collecting and/or locating that agency's receivables and, when prohibited by law, may not be used for the purpose of collecting receivables referred by other Agencies.
 2. That no information can be disseminated except as authorized by statute, either during the period of the Contract or thereafter.
 3. Not to use or permit the use of the names and/or addresses of receivables referred from the Agency for any commercial purpose.
 4. Contractor's employees shall sign Confidentiality Agreements provided by the Agency before gaining access to receivable information. Contractor shall maintain a continuously updated file of copies of signed Confidentiality Agreements and forward the original copy to the Agency.
 5. Contractor agrees it will, if necessary and consistent with applicable law, resist in judicial proceedings any efforts to obtain access to private or confidential records and shall assume full responsibility and liability and indemnify State and Agencies from any damages, attorney fees, and court costs resulting from violation of information safeguarding requirements by its employees. If Contractor is required to disclose confidential information, it shall immediately notify the Agency.

3.8 PUBLICITY

- A. Any publicity given to the program or series provided herein, including, but not limited to notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for Contractor, shall identify the Agency as the sponsor and shall not be released prior to approval by the Agency.
- B. Contractor shall immediately, upon receipt of requests for public information, including but not limited to information concerning this Contract, concerning a Debtor, statistical, demographic or other information, direct the inquiry or request to the Agency. Contractor shall not release any public information concerning this Contract or a debtor without the express consent of the Agency. Additionally, during the term of this Contract or any extension thereof, Contractor shall not issue or cause to have issued, directly or indirectly, any press releases regarding the Agency, nor shall Contractor, directly or indirectly, conduct interviews with members of the press concerning the affected Agency or the collection of receivables subject to this Contract without the prior knowledge of the Agency.

3.9 DEFAULT - REMEDIES OF AGENCY

- A. Should an Agency obtain a money judgment against Contractor as a result of a breach of this Contract, Contractor consents to such judgment being offset against monies owed Contractor by the Agency under this Contract.
- B. Amounts due to an Agency or any other damages may be deducted by the Agency without a judgment or any court action from any money payable to Contractor pursuant to this Contract. The Agency shall notify Contractor in writing of any claim for damages on or before the date the Agency deducts such sums from money payable to Contractor.
- C. If an Agency terminates this contract for a breach of the Contract, Contractor shall not be entitled to retention of pay files as outlined in Section 3.10 below.

3.10 RETENTION OF PAY FILES

Except as otherwise provided herein, if the SLA between Contractor and an Agency expires, all receivables placed with Contractor shall be returned to the Agency for enforcement. However, while a receivable remains in payment status (payments are made within thirty days of the date due), the Agency shall continue to pay Contractor for collections received on the receivable for a period of six (6) consecutive months following expiration of the contract or until the receivable is paid in full, whichever is earlier. If a debtor breaches the SLA, the receivable will no longer be considered in payment status, and payment to Contractor shall cease.

3.11 JUDGMENTS

The Agency shall satisfy all judgments that have been fully discharged by debtors. Contractor shall not induce a debtor to pay a receivable upon a false promise or assurance that a judgment will be satisfied, nor is the Agency bound by assertions made by Contractor to a debtor that judgment will be satisfied. Contractor shall not file any

documents with any court or other entity that purports to satisfy a judgment on behalf of the Agency.

3.12 BANKRUPTCY

The filing of any bankruptcy procedure by Contractor may be considered a breach of contract.

3.13 OBLIGATIONS BEYOND CONTRACT TERM

All obligations of an Agency and Contractor incurred or existing under this Contract as of the date of expiration, termination or cancellation will survive the expiration, termination or cancellation of this Contract.

4. WARRANTIES

4.1 Warranty of Services. Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule. In consideration of the services to be provided, State shall pay Contractor according to the following schedule: Net 30 days after receipt of properly submitted invoice.

5.2 Payment Terms. Unless otherwise noted in the solicitation document, State has 30 days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate State's electronic funds transfer payments.

5.3 Reference to Contract. The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, State is not obligated to pay the invoice.

6. COOPERATIVE PURCHASING

Under Montana law, public procurement units, as defined in 18-4-401, MCA, have the option of cooperatively purchasing with State of Montana. Public procurement units are defined as local or state public procurement units of this or any other state, including an agency of the United States, or a tribal procurement unit. Unless the bidder/offeror objects, in writing, to the State Procurement Bureau prior to the award of this contract, the prices, terms, and conditions of this contract will be offered to these public procurement units. However, the State Procurement Bureau makes no guarantee of any public procurement unit participation in this contract.

6.1 Term Contract Reporting

The annual reports shall be based on information for the state fiscal year, which is July 1 through June 30, for each year the contract is in effect. Minimum information required in usage reports includes: name of the agency or governmental entity that contacted contractor regarding a potential project; project title; agency contact person; if the project was not successfully negotiated, state the reason; number and title of task orders entered into; total dollar amounts for task orders entered into; the names of Contractor's personnel involved in the project; and project status as of usage report date. Usage reports for the preceding state fiscal year are due to State's liaison no later than July 30 following the end of each fiscal year the contract was in effect.

Reported usage and dollar totals may be checked by State against state records for verification. Failure to provide timely or accurate reports is justification for cancellation of the contract and/or justification for removal from consideration for award of contracts by State.

7. NON-EXCLUSIVE CONTRACT

The intent of this contract is to provide state agencies with an expedited means of procuring supplies and/or services. This contract is for the convenience of state agencies and is considered by State to be a "Non-exclusive" use contract. Therefore, agencies may obtain this product/service from sources other than the contract holder(s) as long as they comply with Title 18, MCA, and their delegation agreement. State does not guarantee any usage.

8. ACCESS AND RETENTION OF RECORDS

8.1 Access to Records. Contractor shall provide State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. State may terminate this contract under section 16, without incurring liability, for Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

8.2 Retention Period. Contractor shall create and retain all records supporting the debt collection services rendered for a period of eight years after either the completion date of this contract or termination of the contract.

9. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without State's prior written consent. (18-4-141, MCA.) Contractor is responsible to State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and State under this contract.

10. HOLD HARMLESS/INDEMNIFICATION

Contractor agrees to protect, defend, and save State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees, third parties or debtors on account of bodily or personal injuries, death, damage to property, breach of this contract, or violation of state of

federal law arising out of services performed or omissions of services or in any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of State, under this contract.

11. REQUIRED INSURANCE

11.1 General Requirements. Contractor shall maintain for the duration of this contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

11.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by State, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

11.3 Specific Requirements for Commercial General Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for liability arising out of activities performed by or on behalf of Contractor, including the insured's general supervision of Contractor, products, and completed operations, and the premises owned, leased, occupied, or used.

11.4 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

11.5 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by State. At the request of State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

11.6 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages, has been received by the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-

0135. Contractor must notify State immediately of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc. State reserves the right to require complete copies of insurance policies at all times.

12. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135.

13. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by Contractor subjects subcontractors to the same provision. In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing this contract.

14. DISABILITY ACCOMMODATIONS

State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

15. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

16. CONTRACT TERMINATION

16.1 Termination for Cause with Notice to Cure Requirement. State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

16.2 Termination for Convenience. State may, by written notice to Contractor, terminate this contract without cause and without incurring liability to Contractor. State shall give notice of termination to Contractor at least 30 days before the effective date of termination. State shall pay Contractor only that amount, or prorated portion thereof, owed to Contractor up to the date State's termination takes effect. This is Contractor's sole remedy. State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

16.3 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this contract for State's failure to perform any of its duties under this contract after giving State written notice of the failure. The written notice must demand performance of stated failure within a specified period of time of not less than 30 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

16.3 Reduction of Funding. State must by law terminate this contract if funds are not appropriated or otherwise made available to support State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, State shall terminate this contract as required by law. State shall provide Contractor the date State's termination shall take effect. State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date State's termination takes effect. This is Contractor's sole remedy. State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

17. EVENT OF BREACH – REMEDIES

17.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- products or services furnished fail to conform to any requirement;
- failure to submit any report required by this contract;

- failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior State approval or breaching Section 22.1 obligations; or
- voluntary or involuntary bankruptcy or receivership.

17.2 Event of Breach by State. State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

17.3 Actions in Event of Breach.

Upon Contractor's material breach, State may:

- terminate this contract under Section 16.1 and pursue any of its remedies under this contract, at law, or in equity; or
- treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon State's material breach, Contractor may:

- terminate this contract under Section 16.3 and pursue any of its remedies under this contract, at law, or in equity; or
- treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

18. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than five working days after the onset. If the notice is not provided within the five day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

19. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

20. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State Procurement Bureau's prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

21. LIAISONS AND SERVICE OF NOTICES

21.1 Contract Liaisons. All project management and coordination on State's behalf must be through a single point of contact designated as State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between State's liaison and Contractor's liaison.

Rick Dorvall is State's liaison.
125 N. Roberts St., Mitchell Bldg., Room 165
Helena, MT 59620-0135
Telephone: 406-444-3366
Fax: 406-444-2529
E-mail: rickdorvall@mt.gov

Jeffrey J. Koch is Contractor's liaison.
212 E. Spruce St.
Missoula, MT 59802
Telephone: 406-721-4454
Fax: 406-829-1930
E-mail: jeffk@collectionbureau.biz

21.2 Notifications. State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

22. MEETINGS

22.1 Technical or Contractual Problems. Contractor shall meet with State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and State in the performance of their respective obligations, at no additional cost to State. State may request the meetings as problems arise and will be coordinated by State. State shall provide Contractor a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Contractor's consistent failure to participate in problem resolution meetings, Contractor missing or rescheduling two consecutive meetings, or Contractor's failure to make a good faith effort to resolve problems may result in termination of the contract.

22.2 Failure to Notify. If Contractor fails to specify in writing any problem or circumstance that materially affects the costs of its delivery of services or products, including a material breach by State, about which Contractor knew or reasonably should have known with respect to the period during the term covered by Contractor's status report, Contractor shall not be entitled to rely upon such problem or circumstance as a purported justification for an increase in the price for the agreed upon scope.

22.3 State's Failure or Delay. For a problem or circumstance identified in Contractor's status report in which Contractor claims was the result of State's failure or delay in discharging any State obligation, State shall review same and determine if such problem or circumstance was in fact the result of such failure or delay. If State agrees as to the cause of such problem or circumstance, then the parties shall extend any deadlines or due dates affected thereby, and provide for any additional charges by Contractor. This is Contractor's sole remedy. If State does not agree as to the cause of such problem or circumstance, the parties shall each attempt to resolve the problem or circumstance in a manner satisfactory to both parties.

23. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to State or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. State shall pay Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If State terminates a project or this contract for cause, then State may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages State may have sustained as a result of Contractor's breach.

24. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees.

25. TAX EXEMPTION

State of Montana is exempt from Federal Excise Taxes (#81-0302402).

26. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

27. SEVERABILITY

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

28. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

28.1 Contract. This contract consists of eighteen (18) numbered pages, any Attachments as required, Solicitation # 15-3051V, as amended, and Contractor's response, as

amended. In the case of dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

28.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by the parties.

29. WAIVER

State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

30. EXECUTION

The parties through their authorized agents have executed this contract on the dates set out below.

STATE OF MONTANA
Dept. of Administration, General Services
Div.
125 N. Roberts St., Mitchell Bldg., Room
165
Helena, MT 59620-0135

Collection Bureau Services, Inc.
212 E. Spruce St.
Missoula, MT 59802
FEDERAL ID # 81-0361156

BY: STEVE BAIAMONTE ASD
(Name/Title)

BY: Jeffrey J. Koch, President
(Name/Title)

[Signature]
(Signature)

[Signature]
(Signature)

DATE: 23 MARCH 2015

DATE: 3-15-15

Approved as to Legal Content:

Mike Marion 3/11/15
Legal Counsel (Date)

Approved as to Form:

[Signature] 3/6/15
Procurement Officer (Date)
State Procurement Bureau