

RESOLUTION NO. 06-407

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT FOR SERVICES WITH ALLIANCEONE, PROVIDING COLLECTION SERVICES FOR THE BLACK DIAMOND MUNICIPAL COURT.

WHEREAS, the Black Diamond Municipal Court monitors time pay accounts and mails statements to accounts that have become delinquent; and

WHEREAS, the Black Diamond Municipal Court has limited staffing to monitor these accounts; and

WHEREAS, the Collection Service Agreement with Allianceone will allow the Court to streamline its time payment agreements and collection process; now, therefore

BE IT RESOLVED that the Mayor is hereby authorized to execute, on behalf of the City, a Collection Service Agreement with Allianceone for collection services for the Black Diamond Municipal Court, and said agreement is attached hereto as Exhibit "A" and by reference incorporated herein.

ADOPTED by the City Council at an open public meeting held on the 2nd day of NOVEMBER, 2006.



Howard Botts, Mayor

Attest:



Brenda L. Streepy, City Clerk

AllianceOne

Receivables Management Specialists

COLLECTION SERVICES AGREEMENT

THIS AGREEMENT effective the 1st day of January, 2007 ("Effective Date"), is entered into between BLACK DIAMOND MUNICIPAL COURT, hereinafter called "COURT," and AllianceOne Receivables Management, Inc., an AllianceOne company, hereinafter called "AOI." For and in consideration of the compensation hereinafter described and the covenants and conditions herein contained, the parties agree as follows:

1. Assignment of Accounts. COURT will assign to AOI for collection such delinquent accounts, hereinafter called "accounts," as COURT deems appropriate.
2. Collection Efforts. AOI will use commercially reasonable efforts to collect said accounts, and will confine its efforts to the highest standard of ethical practice. The COURT and AOI recognize that the appropriate level of activity may vary according to the type of account, the account balance and the information available.
3. Debts Just and Owing. COURT certifies that every account referred will contain accurate information and will be just and owing, and will not be subject to any valid defense, set-off or counterclaim, including that such account or the obligor of such account will not be subject to any bankruptcy proceeding, stay or discharge as of the time of referral.
4. Compliance with Law. AOI's collection activities shall comply with federal, state and local laws, including the Fair Debt Collection Practices Act (FDCPA), where applicable.
5. Legal Action. No legal action will be commenced on any account without written permission, first obtained, from COURT. Legal action commenced under this agreement shall be in the name of AOI and not COURT. AOI will promptly advise COURT if any legal action is contested. COURT will provide evidence as requested by AOI to support approved legal action, including providing a witness or witnesses for live testimony if requested. Unless otherwise agreed, legal costs and fees will be paid by AOI and not COURT, and will be recoverable from the DEBTOR where allowed by applicable law, out of first monies recovered.
6. Insurance. AOI shall obtain and keep in force continually during the term of the contract comprehensive general liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000.00). AOI will supply to COURT a copy of AOI's collection agency license within 30 days of the execution of the Agreement.
7. Indemnification. AOI agrees and covenants to indemnify, defend and save harmless COURT and its officers, agents, and employees against and from any loss, damage, costs, charges, expense, liability, claims, demands, or judgments, of whatsoever kind of nature, whether to persons or property arising wholly or partially out of an act, action, neglect, omission, or in default on the part of AOI, its subcontractors and/or employees, except only such injury of damage as shall have been caused by or resulted from the negligence of COURT.
8. Assignments. Neither party to this Agreement shall assign this Agreement, nor any interest, right or responsibility arising herein, without the written consent of the other party; provided that AOI can forward individual accounts to out-of-state collection agencies if deemed prudent by AOI to effect collection.
9. Severability. In the event any term or condition of this Agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other terms,

conditions, or applications of this Agreement which can be given effect without the invalid term, condition, or application. To this end the terms and conditions of this Agreement are declared severable.

10. Compensation and Method of Payment. For services provided pursuant to this Agreement AOI shall be entitled to compensation as follows:

A. Pre-Collection Demand Letter: No Charge.

B. Collection Fees: COURT will assess a Collection Fee pursuant to RCW 3.02.045. Unless otherwise instructed by COURT, for accounts assigned to collection by COURT and collected by AOI from the debtor, AOI shall add this Collection Fee to the principal amount of the debt to each account by category of account as set forth below:

(1) A 29% add-on fee (0.2248 retained) for secondary or historical accounts that are either (a) transferred to ARMI from former collection agency or (b) aged four years or older from the effective date of this contract.

(2) A 24% add-on fee (0.1935 retained) for historical accounts assigned that are aged up to four years from the effective date of this contract.

(3) 19% Add-on fee (0.1596 retained) for new accounts assigned to AOI on and after the effective date of this Agreement.

C. Partial Payments: Partial payments made on assigned accounts shall be remitted to COURT based upon the same pro rata formula applied to accounts that are paid in full. By way of illustration, and assuming a 19% add-on fee: \$100 fine x 19% = \$119 new balance to be collected; a \$50 payment received would be remitted as follows: \$42.02 to COURT; \$7.98 to AOI (\$7.98 = .1596 of \$50).

D. Interest on Accounts: Upon assignment to collections and only while in active collection status, interest shall accrue on unpaid civil judgments, penalties, fines, bail forfeitures, assessments, fees and costs at the rate of twelve percent per annum. The interest shall be added to the account by AOI, collected by AOI, and remitted in full by AOI to COURT.

E. Monthly Payment Collection Services and Fees: AOI will offer the Signal Credit Management Services Program for COURT clients, but COURT is under no obligation to use this program. COURT will assess and AOI may add fees for this service ("Service Fees") as follows:

1. \$15.00 Account Set-Up Fee: a one-time charge per client per court of limited jurisdiction.
2. \$ 4.75 Monthly Fee: one charge per account per client with one case.
3. \$ 8.25 Monthly Fee: one charge per account per client with multiple cases.
4. \$ 7.75 Monthly Fee: one charge per account per client with one case in "past due status."
5. \$11.25 Monthly Fee: one charger per account per client with multiple cases in "past due status."

Service Fees shall not be added to the principal amount of the debt for purposes of calculating AOI'S Collection Fee authorized in paragraph B above.

F. Remittance Method: For payments to accounts collected by AOI, AOI shall deduct the Collection Fee prior to remitting the principal amount to COURT, as presently authorized by state law and an enabling Court Order.

G. Change in Law. Should there be changes in laws or Court policy which prescribe/allow a different method for recovering Collection Fees, AOI shall modify its methods accordingly, upon instruction from COURT.

11. Payments to COURT. A payment made on behalf of a debtor directly to COURT on an assigned account will be promptly reported to AOI by COURT.
12. Negotiable Instruments. COURT authorizes AOI to endorse checks or other instruments payable to COURT and deposit same into a trust account separately maintained by AOI. COURT further authorizes AOI to send notices of dishonor or other notices on COURT's behalf for dishonored instruments, to assess and collect any permissible dishonored instrument fees, and to retain any recovered fees per compensation section of this agreement, whether such instruments were issued before or after assignment of the account.
13. Account Audits. COURT may audit AOI's records pertaining to accounts assigned for collection upon reasonable notice.
14. Term and Termination. This agreement will remain in effect until terminated by either party. Any assignments by COURT and work performed by AOI prior to the signing of this Agreement is specifically approved by the parties and ratified by this Agreement. This Agreement may be terminated in whole or in part from time to time when deemed by the COURT or AOI to be in its best interest. Termination of work hereunder shall be effected by delivering to a party a Notice of Termination thirty (30) days prior to the specified effective date, detailing the extent to which performance of work under this Agreement is terminated.
15. Non-discrimination. AOI, in its collection efforts, will not discriminate against any DEBTOR on the basis of race, color, creed, religion, sex or national origin. AOI will comply with the requirements of the Americans with Disabilities Act of 1992, and all regulations interpreting or enforcing said Act.
16. Beneficiaries to Contract. This Agreement is entered into for the benefit of COURT and AOI. No third-party beneficiaries are intended to be created or are created hereunder.
17. Entire Agreement. This Agreement constitutes the entire understanding between AOI and COURT regarding collection services provided to COURT by AOI, and may not be modified except by written agreement signed by both parties.

IN WITNESS WHEREOF, the parties have executed this contract on the date last written below.

AllianceOne Receivables Management, Inc.

BY: J. T. Boyer

TITLE: VP

ADDRESS:

6565 Kimball Drive, Suite 200
P. O. Box 2449
Gig Harbor, WA 98335-4449

DATE: 12/1/2006

BLACK DIAMOND MUNICIPAL COURT

BY: Shirley A. H.

TITLE: Mayor

ADDRESS:

P. O. Box 599
Black Diamond, WA 98010

DATE: 11/2/06