

Solicitation Amendment No. 001

Page 1 of 1

To:	Date:
Prospective Bidders	August 30, 2012
Project Title:	Project No.:
Financial Collection Services	12-46

Description of Solicitation Amendment: The Request for Proposals (RFP) for Financial Collection Services is hereby amended as set forth herein:

I. Attachment No. 8, Bidder Certifications

The Bidder Certifications contained in the original solicitation is hereby deleted and is replaced with the attached Revised Bidder Certifications dated, August 30, 2012 hereto attached as Exhibit 1.

II. Exhibit 2, Insurance Requirements

Insurance Requirements is hereby made a part of this Solicitation hereto attached as Exhibit 2.

III. Informational Letter #1

The Informational Letter #1 (Q & A) for RFP 12-46 Financial Collection Services is hereby made a part of this Solicitation hereto attached as Exhibit 3.

IV. Proposal Due Date/Time, Summary, Number 3

The Proposal submission deadline is hereby extended until 3:00 PM (local time) on Wednesday, September 12, 2012.

Except as provided herein, all items and conditions of the solicitation, remains unchanged and in full force and effect.

Acknowledgement of Amendment No. 001 by:	Date:
Company Name (Bidder/Offerer):	
Signed by:	
Name (Type or Print):	Title:

EXHIBIT 1

---REVISED---

AUGUST 27, 2012

ATTACHMENT NO. 8

PROPOSERS CERTIFICATIONS

PROJECT NO. 12-46

1. NON-DISCRIMINATION STATEMENT:

The undersigned certifies that he/she will not discriminate against any employee or applicant for employment or in the selection of subcontractors because of race, color, age, religion, gender, national origin or disability. The undersigned shall also take action to ensure that applicants are employed, and treated during employment, without regard to their race, color, religion, gender, age, national origin or disability. Such action shall include, but shall not be limited to, the following non-discriminatory employment practices: employment, upgrading or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other compensation and selection for training, including apprenticeship.

2. ASSURANCE OF SBDP GOAL:

The undersigned certifies that he/she has read, understands and agrees to be bound by the small business provisions set forth in this Solicitation. The undersigned further certifies that he/she is legally authorized to make the statements and representations in the Solicitation and that said statements and representations are true and accurate to the best of his/her knowledge. The undersigned will enter into formal agreement(s) for work identified on the CONTRACTOR AND SUBCONTRACTOR PARTICIPATION form conditioned upon execution of a contract with HCC. The undersigned agrees to attain the small business utilization percentages of the total offer amount as set forth below:

Small Business Participation Goal = Best Effort

The undersigned certifies that the firm shown below has not discriminated against any small business or other potential subcontractor because of race, color, religion, gender, age, veteran's status, disability or national origin, but has provided full and equal opportunity to all potential subcontractors irrespective of race, color, religion, gender, age, disability, national origin or veteran status.

The undersigned understands that if any of the statements and representations are made knowing them to be false or there is a failure to implement any of the stated commitments set forth herein without prior approval of HCC's Chancellor or the duly authorized representative, the Respondent may be subject to the loss of the contract or the termination thereof

3. BLACKOUT PERIOD COMPLIANCE:

The undersigned certifies that he/she has read, understands and agrees to be bound by the Prohibited Communications provision set forth in the RFQ. The undersigned further understands that the Respondent shall not communicate with a HCC Trustee, employee, or any member of the selection/evaluation committee in any way concerning this Solicitation from the day it is first advertised through the day the contract documents are signed by all parties. This period is known as the "Blackout Period," as further defined in Section 1.7.10 and 3.3 of the Procurement Operations Manual. Violation of the Blackout Period is considered unethical conduct and will be handled as such with regard to a Trustee and all applicable federal and state laws and regulations, local ordinances, board policies and procurement procedures with respect to their conduct as public officials involved in the procurement process.

With regard to a Respondent, violation of the Blackout Period may result in the cancellation of the referenced transaction, disbarment, disqualification from future procurement solicitations and prosecution in accordance with the Laws of the State of Texas.

4. CERTIFICATION AND DISCLOSURE STATEMENT:

A person or business entity entering into a contract with HCC is required by Texas Law to disclose, in advance of the contract award, if the person or an owner or operator of the business entity has been convicted of a felony. The disclosure should include a general description of the conduct resulting in the conviction of a felony as provided in section 44.034 of the Texas Education Code. The requested information is being collected in accordance with applicable law. This requirement does not apply to a publicly held corporation.

If an individual:

Have you been convicted of a felony? YES or NO

If a business entity:

YES or NO

Has any owner of your business entity been convicted of a felony? _____

Has any operator of your business entity been convicted of a felony? _____

If you answered yes to any of the above questions, please provide a general description of the conduct resulting in the conviction of the felony, including the Case Number, the applicable dates, the State and County where the conviction occurred, and the sentence.

5. PROHIBITED POLITICAL CONTRIBUTIONS:

The undersigned certifies that he/she has accurately completed the attached Exhibit 1 "Ownership Interest Disclosure List." For the purposes of this section, in accordance with Board Bylaws, the term "Contractors" shall include any member of the potential vendor's board of directors, its chairperson, chief executive officer, chief financial officer, chief operating officer, any person with an ownership interest of 10% or more. This requirement shall also apply to any Subcontractor listed on the "Contractor and Subcontractor Participation Form."

6. PROHIBITED CONTRACTS/PURCHASES:

The undersigned certifies that he/she has read, understands and is eligible to receive a contract in accordance with HCC Board of Trustees Bylaw regarding Prohibited Contracts/Purchases as further defined in the attached Exhibit 2.

I attest that I have answered the questions truthfully and to the best of my knowledge.

Signed: _____

Name of Company: _____

Address of Company: _____

State of _____

Sworn to and subscribed before me at _____, _____,
(City) (State)

this the _____ day of _____, 2012.

Notary Public for the State of: _____

EXHIBIT 2 - TO ATTACHMENT NO. 8

PROHIBITED CONTRACTS/PURCHASES

The College shall not contract with a business entity in which a Board Member, Senior Staff Member, or a relative of a Board member or Senior Staff Member within the first degree of consanguinity or affinity, has any pecuniary interest. All such contracts executed prior to June 21, 2012 shall continue to be in full force and effect.

Further, the College shall not contract with a business entity that employs, hires, or contracts with, in any capacity, including but not limited to, a subcontractor, employee, consultant, advisor or independent contractor, a Board Member or a Senior Staff Member.

Further, the College shall not contract with a business entity that employs an officer or director who is a relative of a Board member or a Senior Staff Member within the first degree of consanguinity or affinity.

Definitions:

“Business entity” shall not include a corporation or a subsidiary or division of a corporation whose shares are listed on a national or regional stock exchange or traded in the over-the-counter market. “Business entity” shall not include non-profit corporations or religious, educational, and governmental institutions, except that private, for-profit educational institutions are included in the definition of Business entity.

“Director” is defined as an appointed or elected member of the board of directors of a company who, with other directors, has the responsibility for determining and implementing the company’s policy, and as the company’s agent, can bind the company with valid contracts.

“Officer” is defined as a person appointed by the board of directors of a company to manage the day-to-day business of the company and carry out the policies set by the board. An officer includes, but is not limited to, a chief executive officer (CEO), president, chief operating officer (COO), chief financial officer (CFO), vice-president, or other senior company official, as determined by the Board.

“Senior Staff Member” shall have the meaning as defined in Article A, Section 3 of the Board Bylaws which includes:

- a. Any member of the Chancellor's Advisory Council;
- b. HCC employees classified as E-10 and above;
- c. All procurement and purchasing personnel;
- d. Any employee who participates on an evaluation or selection committee for any HCC solicitation for goods or services; and
- e. Any employee who participates in the evaluation of goods or services provided by a vendor or contractor.

Absent other legal requirements, all contracts entered into by the College in violation of this policy shall be voided within 30 days of notice of the violation.

EXHIBIT 2

INSURANCE REQUIREMENTS

The following insurance coverage and limits listed herein are the minimum that the Contractor/Vendor is required to carry during performance of the contract for:

Project Title: Financial Collection Services
 Project Number: 12-46

1. Commercial General Liability for Bodily Injury / Property Damage Limits:	
A. Occurrence/Personal Injury/Advertising	
B. Products/Completed Operations	\$1,000,000.00 CSL
C. Annual Aggregate	\$2,000,000.00 CSL
D. Products Aggregate	\$2,000,000.00 CSL
E. Fire, Lightning or Explosion	\$1,000,000.00 CSL
F. Medical Expense	\$5,000.00 Per Person
2. Automobile Liability	
Bodily Injury / Property Damage	\$1,000,000.00 CSL
3. Professional Liability	
Professional liability coverage is required when a professional liability exposure is present. A minimum limit of \$1,000,000.00 CSL will be required.	
4. Employee Dishonesty Liability	
	\$1,000,000.00 CSL
5. Fiduciary Liability	
	\$1,000,000.00 CSL
6. Umbrella Liability	
Umbrella liability may be required with a minimum limit of \$5,000,000.00 CSL.	
7. Endorsements	
The following endorsements and other stated information is required on the original certificate of insurance:	
A. 90-Day Notice of Cancellation	
B. Houston Community College (HCC) to be named as Additional Insured on all policies except Worker's Compensation.	
C. Waiver of Subrogation on all policies.	
D. The assigned project number and/or purchase order number	
8. Submission of Certificate of Insurance	
The original certificate of insurance, indicating the coverage, limits and endorsements stated herein, shall be furnished to HCC within fourteen (14) calendar days of the HCC Board of Trustees approval of the contract award. The Contract will not be awarded until after receipt of the proper certificate of insurance.	
Mail the original certificate of insurance to:	
ATTN: Wanda Pleasant	
Houston Community College, Procurement Operations	
P. O. Box 667517 (MC 1118)	
Houston, TX 77266-7517	
NOTE: CSL denotes "Combined Single Limit".	

EXHIBIT 3

QUESTIONS AND ANSWERS

Financial Collection Services

PROJECT NO. 12-46

To: Prospective Respondents
From: Houston Community College
Date: August 30, 2012
Subject: Informational Letter # 1 – Request for Proposals, HCC Project No. 12-46

The following questions regarding the Request for Proposals, HCC Project No. 12-46 were received in the Procurement Operations Department within the time period stated in the RFP:

Question #1: We are a small agency minority owned and operated. Our company started in December 2011. The RFP requires 3 years of audited financial statements. Can we still bid for the RFP with financial statements to date?

HCC Answer: Yes; please respond to requirement as requested per Attachment No. 3, Section 1.2 Firm's Financial Status.

Question #2: When is the anticipated contract start date?

HCC Answer: The HCC Board of Trustees has to approve the selection; the existing contract ends in October 2012.

Question #3: To how many vendors are you seeking to award a contract?

HCC Answer: One

Question #4: Has the current contract gone full term?

HCC Answer: No, it ends October 2012.

Question #5: Have all options to extend the current contract been exercised?

HCC Answer: Yes

Questions #6: What collection attempts are performed or will be performed internally prior to placement?

HCC Answer: Holds are placed on student accounts, notifications are sent with each hold, and normal interaction between student and college explaining situation.

Question #7: What is the total dollar value of accounts available for placement now by category, including any backlog?

HCC Answer: As of August 1, 2012, there are a total of 22,536 student records that could be placed (with balances over \$100.00) totaling \$10,768,688.45.

Question #8: What is the total number of accounts available for placement now by category, including any backlog?

HCC Answer: See Question #7

Question #9: What is the average balance of accounts by category?

HCC Answer: The average balance is \$477.84. The accounts are not broken into category.

Question #10: What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?

HCC Answer: The actual paid amount for the last 12 months was \$85,639.55.

Question #11: What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement?

HCC Answer: The highest was 14.15%. Anticipated or expected – 20%.

Question #12: If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up?

HCC Answer: As the award will go to one vendor, all files will end up with the awardee. The files being moved over should be considered as first placements.

Question #13: To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?

HCC Answer: The focus is on accessibility, communications and service.

Question #14: Can you please provide greater explanation of your expectations related to any required subcontracting to minority-owned, women-owned, or other types or categories of small or disadvantaged businesses? For example, what is required with the proposal, and what is required to comply during the term of the contract?

HCC Answer: Required with the proposal – Best Effort. Required to comply – Best Effort

Question #15: What billing servicer do you utilize?

HCC Answer: Southwest Credit Systems

Question #16: What is the estimated size of the existing portfolio (the backlog) in terms of number of accounts and the dollar amounts outstanding? Please break this down by receivable type (installment payment plan accounts, tuition and fee balances, NSF checks, etc.) and age (by year). What is the age of the oldest accounts in the portfolio to be referred to the successful bidder?

HCC Answer: HCC files should be considered as 99% tuition, fee balances, and over award of financial aid. The balances are left on the student records, so the oldest accounts would be over ten (10) years old.

Question #17: What is the estimated size (accounts/dollars) of annual referrals going forward (new/future placements)? Please break this down by receivable type and age.

HCC Answer: 2.6 million, preferably it will drop to 1.3 million

Question #18: How long has the current collection vendor been under contract?

HCC Answer: Three (3) years

Question #19: What was the current vendor's recovery rate in each of the past two years (fiscal or calendar year is fine)? By receivable type and age if possible.

HCC Answer: The average is 14.15% over the term of the contract.

Question #20: Does the current vendor provide legal/litigation services, and if so, what is the percentage/contingency fee charged?

HCC Answer: Services offered but never utilized.

Question #21: If applicable, how much has been paid annually to the current vendor in fees (dollars) for their services in each of the past two years (fiscal or calendar year is fine)?

HCC Answer: \$189,192.00 in the last 24 months.

Question #22: How many dollars have been collected by the current vendor and over what period of time?

HCC Answer: \$1,127,034.28 over the contract term.

Question #23: Will accounts held by the current vendor (backlog) be moved to the selected vendor?

HCC Answer: Yes.

Question #24: At what point in time, on average, (e.g. 60 days past due) will new/future accounts be placed with the selected Service Provider?

HCC Answer: Historically, student accounts are not referred to the collection agency until the next major term is midway through as HCC has many start dates and students will pay as they return. The spring student would not be referred until the fall semester. The process has been shortened.

Question #25: How will account/collection information or data be communicated to the successful bidder (e.g. electronic to a secure FTP site, email, paper files, etc.)?

HCC Answer: Currently it is sent via electronic means to a secure FTP site.

Question #26: Any other information about the types and volumes of receivables to be placed, or about the existing and/or prior contracts, would be helpful to us in formulating our response to this RFP.

HCC Answer: Basically all of the receivables are from tuition issues. Financial Aid may over award or the student fails to meet qualifications at the end of the term and lose the benefit.

Question #27: What is most important to you? Please list in order of importance.

- a. Price
- b. Service
- c. Recoveries

HCC Answer: Price, service and recoveries are all considered number one (1).

Question #28: To what extent will the location of the bidder's call center/Corporate headquarters have a bearing on any award(s)?

HCC Answer: See Question #13.

Question #29: Are there any services that your current agency/agencies are not providing?

- a. What do you like about current agencies?
- b. What do you dislike about current agencies?

HCC Answer: There are limited student comments.

- a. Easy to work with, very accessible
- b. Would like to see the collections higher.

Question #30: Why is the contract out for bid at this time?

HCC Answer: Current contract will expire soon.

Question #31: What is the current liquidation rate on accounts you place with your agencies?

- a. Primary?
- b. Seconds?

HCC Answer: See Question #19.

Question #32: Is awarded agency allowed to have multiple fees for Primary, and Secondary placements?

HCC Answer: Yes

Question #33: Does HCC plan to litigate placements?

- a. Will you accept a litigation contingency fee (Different from Primary Fee)
- b. Will you advance court costs?

HCC Answer: Not at this time, but the option will be made available.

Question #34: What is the collection fee charged by current agencies?

- a. Primary?
- b. Secondary?

HCC Answer: 21%

Question #35: What is the percentage of skips, and/or bankruptcies of accounts placed?

HCC Answer: There are very few bankruptcies for the number of student accounts. It is hard to judge how many should be considered skips as students are no longer in class when they owe and the contact information can quickly change.

Question #36: How many agencies are currently used? Are you looking to add, or replace current agencies?

HCC Answer: One. Current contract will expire soon and a new contract with current or replacement vendor has to be processed.

Question #37: What are the totals of accounts placed with current agencies?

- a. Number of accounts?

b. Total dollar amount of placements?

HCC Answer: Approximately 22,536 totaling about \$10,768,688.45.

Question #38: Since HCC may make internal collection efforts, can you describe the process involved?

HCC Answer: See Question #6

Question #39: Section 2.2 on page 18 – Provide a reference list of all customers for whom you have performed worked during the past three (3) years. The List to include company name, contact person, telephone #, and email address (if known). Our company currently provides collection services for over 1,100 clients nationwide. Will Houston Community College accept a representative list of clients that allow us to disclose their information that are similar in size and scope to the College as a response to this requirement?

HCC Answer: Yes

Question #40: With regards to Attachments 5 & 6, dealing with Subcontracting/Small Business Utilization. The RFP states that these are required with the response, but because we do not subcontract any of our Collection Services, would a “Not Applicable” submitted on the form suffice?

HCC Answer: Yes

Question #41: Also the Small Business Attachment is requesting which of the Small Businesses we utilize, are NOT willing to participate, should we list who we do use?

HCC Answer: If not subcontracting – N/A. If subcontracting – list all companies you have contacted and the results.

Question #42: Who are your current contracted agencies?

HCC Answer: See Question #15.

Question #43: What is the contracted vendor(s) rates?

HCC Answer: See Question #34.

Question #44: Will you assess collection costs to the students? If so, do you have documentation/proof of this verbiage & student acknowledgement?

HCC Answer: It is stated in the college online catalog that students with outstanding balances at the end of the term will be referred to the collection agency and will be responsible for any collection fee.

Question #45: Has the project been under contract to another vendor prior to this RFP?

HCC Answer: Yes

Question #46: Was the contract term fully completed?

HCC Answer: See Question #4.

Question #47: If yes, have all contract renewal options been exercised?

HCC Answer: See Question #5.

Question #48: What collection attempts are performed or will be performed internally prior to placement?

- a. Letters sent
- b. Phone calls made
- c. Other

HCC Answer: See Question #6.

Question #49: What is the total number of accounts available for placement now by category, including any backlog?

- a. First placement
- b. Second placement
- c. Third placement

HCC Answer: See Question #7.

Question #50: What is the average balance of accounts by category?

HCC Answer: See Question #9.

Question #51: What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

HCC Answer: See Question #24.

Question #52: What has been the historical rate of return or liquidation rate on these account types for 2009, 2010, 2011?

HCC Answer: See Question #19.

Question #53: What are the College's expectations as to rate of return by the chosen vendor on this RFP?

HCC Answer: 20%

Question #54: To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?

HCC Answer: See Question #13.

Question #55: When is the anticipated contract start date?

HCC Answer: See Question #2.

Question #56: To how many vendors are you seeking to award a contract?

HCC Answer: See Question #3.

Question #57: What is the total dollar value of accounts available for placement now by category, including any backlog?

HCC Answer: See Question #7.

Question #58: Does the College want all settlement proposals submitted in writing, or will the College agree to settlements up to a certain percentage of the amount due without a pre-approval?

HCC Answer: Currently, HCC does not allow for any settlements. Any settlements would have to be agreed to in writing.

Question #59: If the only alternative on collection of an account appears to be litigation, will the College be responsible for paying for the filing fees, service fees, publication costs, etc?

HCC Answer: Currently, HCC has not undertaken litigation.

Question #60: What information will the vendor receive on each account forwarded for collection? In particular will the College provide social security numbers?

HCC Answer: The College will provide student information, including the social security numbers.

Question #61: Are any of the accounts in question co-signed?

HCC Answer: There are no co-signed accounts as the current amounts should be viewed as tuition and fees.

Question #62: If yes, what efforts, if any, have been made in regard to contacting the co-signer?

HCC Answer: N/A

Question #63: Certain questions asked by the College in this RFP require background on “key” vendor personnel and vendor staff handling the collections.

- a. What is the College’s definition of “key” personnel?
- b. What information, at a minimum does the College need on individual collectors?

HCC Answer:

- a. “Key” personnel - the management staff that will be managing HCC’s accounts, day to day management staff team and the field management team.
- b. The response and information provided to Attachment No. 3, Proposer Questionnaire, Section 3.2 Qualification and Experience of Personnel, paragraph (b) will provide the answer needed regarding individual collectors.

Question #64: Will the participating vendors see all of the questions asked of the College and the College’s responses to all the vendor questions?

HCC Answer: Yes

Question #65: If the vendor is able to provide all services required in this RFP without the use of a subcontractor, or a small business partner, does the vendor have to make “small business contacts as a part of this RFP?

HCC Answer: If not subcontracting – N/A. If the opportunity exists, please try to utilize.

Question #66: How will the vendor receive account information for the College?

- a. Electronic transfer
- b. Actual account documents
- c. Spreadsheets

HCC Answer: See Question #25.

Question #67: The College refers to student internship programs and student hiring as a part of the RFP. Will an out of state vendor be disqualified, or negatively scored if it is not able to comply with this aspect of the RFP?

HCC Answer: No