

Q&A Addendum
Collection Agency Services – Term Contract
RFP 561237

This document provides question and answer information pertaining to the above captioned RFP and will be updated as necessary.

REMINDER: It is the Respondent's responsibility to thoroughly examine and read the entire RFP document and any addenda to this RFP.

Posted March 26, 2015

- Question:** Please confirm the due date for this procurement is 4/14/2015.
Answer: The projected due date for proposals is 4/14/2015. Please refer to section 6 of the RFP document for all of the projected dates of activities concerning this RFP process.
- Question:** What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?
Answer: The approximate amount paid during the past last year is \$336,000.00.
- Question:** Please describe your level of satisfaction with your current vendor(s), if applicable.
Answer: We are satisfied with our current vendors.
- Question:** What is the total number of accounts available for placement now by category, including any backlog?
Answer: We currently have 250 student accounts ready for placement and 66 Perkins loan accounts.
- Question:** What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?
Answer: Student Accounts are placed at approximately 9 months delinquent and Perkins loan accounts are placed at 5 months delinquent.
- Question:** 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?
Answer: The expected rate of recovery is 25% to 30% based on historical rates.

Question: 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?

Answer: Accounts will be moved to any new vendors at contract start up.

Question: Please let us know whether you have received this email, and when and how answers will be provided.

Answer: As stated within the RFP document, specifically section 9.1 (Addenda), any updates to the RFP will be posted to our Hogbid website. This includes Q&A material. Refer to section 6 of the RFP document for all of the projected dates of activities concerning this RFP process. Bidder questions received by the time and date listed in the RFP document will be addressed via Q&A Addendum which will be posted to our Hogbid website by April 9th at the latest.

Question: RFP Section 1. Description and Overview of RFP (page 2) indicates, “The estimated number of defaulted loans to be placed with collection agencies, monthly, is 20 with an average balance of \$5,000.00.” Please provide the average age of defaulted loans at placement.

Answer: Loans are placed when they are 5 months delinquent.

Question: RFP Section 1 Description and Overview of RFP (page 2) indicates, “The estimated number of past due accounts receivables to be placed annually with collection agencies is 800 with an average balance of \$1,500.00.” Please provide the average age of accounts receivable at placement.

Answer: Student accounts receivable are placed at an average of 9 months delinquent.

Question: RFP Section 3. Pricing/Fees (page 5) indicates, “The following collection agency fees shall be the sole consideration paid to the successful bidder for its services under this contract...21% collection contingency fee...on first placements [and] 26% collection contingency fee...on second or third placements.” Please indicate whether agencies will be permitted to propose a separate collection contingency fee for accounts recovered through the litigation process.

Answer: Agencies can propose a separate fee for the litigation process.

Question: RFP Section 4. Vendor References (page 5) indicates, “Respondents must supply, with the bid, at least three (3) reference accounts, preferably in higher education...” In order to ensure the availability of our references, please provide the time period during which UAF anticipates contacting references included in the response.

Answer: The references will be contacted during the month of May.

Question: RFP Section 9.5 Conditions of Contract (page 8) indicates, “The successful bidder shall indemnify and save harmless the University...against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the successful bidder.” Please provide clarification concerning UAF’s definition of a subcontractor. For example, does UAF consider outside vendors for batch skip tracing and letter services to be subcontractors?

Answer: Subcontractor shall mean any person or entity with whom the bidder enters an agreement whereby the bidder assigns or otherwise delegates to the person or entity, for consideration, all, or any part, of the performance required of the bidder under the terms of said contract with the University of Arkansas.

Question: RFP Section 12. Best and Final Offer (page 14) indicates, “The University...reserves the right to request a Best and Final Offer from finalist Respondents, if it deems such an approach necessary.” Given UAF has already established contingency fees for this project pursuant to Section 3. Pricing/Fees, does UAF anticipate requesting a best and final offer as part of the evaluation and award process?

Answer: The UAF does not anticipate requesting a best and final offer.

Question: RFP Section 13. Specifications/Services Requested (page 15) indicates, “Bidders must submit the information requested below for review and evaluation. This information must be sequenced and numbered as below. Bids not sequenced and numbered in this order may be disqualified.” However, RFP Section 10.2 (page 12) indicates, “Respondents must address each section of the RFP...Ultimately, bidders must ‘acknowledge’ each section of our document in their bid response.” Please confirm UAF does require a sequential response to Sections 1 to 14 in the agency’s proposal and that Section 13 should receive a response in sequence.

Answer: As stated in section 10.2 of the RFP document, “Respondents must address each section of the RFP... **making sure to remain consistent with the numbering and chronological order as listed in our RFP document.**” Therefore, *all* bid responses/proposals as a whole should follow the format as provided in our RFP document. This applies to each section of the RFP as well as any numbered lists within each section.

Posted April 1, 2015

CLARIFICATION: Section 9.17 (Warranty) is omitted from the requirements of this RFP.

Question: Are you accepting agency bids for just the accounts receivable aspect of the bid, or are you wanting companies that will do the loan collection portion as well?

Answer: The agency must be able to collect on both accounts receivable and loan accounts.

Question: Page 3 – Section 2 – Subsection C. #3 – It appear that the requirements listed here related to providing a copy of the most recent compliance audit from the IG or ED is expected only from “the successful bidder” which infers a post award requirement. Please confirm that a copy of the audit by the IG or ED is not expected as part of a response to this RFP and is required to be provided by the successful bidder post award?

Answer: The audit will be required before placement of accounts with the agency.

Question: Page 4 – Section L – To what extent today is litigation brought against either student accounts or Perkins loans placed? How many accounts have been litigated against? Further, to what extent does UAF expect the contractor to pursue litigation on accounts, meaning, what are the requirements to request approval from UAF to pursue litigation? Will UAF reimburse the contractor for the legal costs to obtain judgment separate from if any past due balance’s are recovered post judgment? Litigation is not pursued generally with Perkins and other student receivables generally; we ask to better understand UAF intent with litigation in an effort to provide a responsive response.

Answer: The University has not had any accounts litigated in recent years. Accounts should be litigated as required by federal regulations for Perkins loans. Student

account receivables should be litigated if the financial condition of the student warrants litigation. Legal costs will be reimbursed by the University.

Question: Page 5 – Section 3 – Pricing / Fees - 21% paid on 1st for all types of accounts placed and 26% on 2nd and 3rd placements. Are these contingency fees paid on both the student receivables and student loans where monthly payments, payments in full or payments in full the resulted from a rehabilitation or consolidation loan?

Answer: Yes

Question: Page 10 – Section 9 – General Information for bidders – 9.17 – Warranty - Please elaborate regarding what type of or in what context a “warranty” is being requested?

Answer: Section 9.17 (Warranty) is omitted from the requirements of this RFP.

Question: Page 15 – Section 13 – Specifications/Services Requested (G,H,I,J,K) Unlike F in this section, that has a 2 page limit associated with it, please confirm there is no page limit for the additional narrative section described in sub section G, H, I, J, or K?

Answer: There is no page limit for those sections.

Question: Page 16 – Section 13 (A and O) / Section 4 Vendor References – There appear to be several conflicting requirements to provide references and or client list within the solicitation. Section 4 on page 5 states to provide 3 references and there is a reference templates provided on the last page. In Section 13, sub section “A” and “O” both ask for list of clients - “A” asks for 25 along with contact names, address, etc. while “O” asks for a list of contact persons for at least 20 clients. Please confirm all are independent and separate requests or clarify what is being requested? 2 –If all are separate and intended requests, please confirm that some duplication of clients and contact persons between the three is understood and acceptable?

Answer: “A” is a client list of colleges and universities and “O” can be any clients. The University does understand that there may be duplications.

Question: Page 16 – Section 14 – It is stated here that you intend to hire “three collection agencies for first, second and third placement collections.” Are you hiring a total of three collection agencies to accept 1st, 2nd and 3rd or is UAF hiring 3 collection agencies for each level of placements for a total of 9 collection agencies hired?

Answer: The University is hiring three collection agencies. All agencies will receive first, second and third placements.

Question: A question was asked about what the “estimated or actual dollars were paid last year, last month, or last quarter to any incumbents?” UAF provided the answer \$336,000. Can you provide more details? How much was paid on student receivables and how much on student loans? Was this to one agency or multiple agencies?

Answer: These were payments to multiple agencies. Approximately \$194,000.00 was for Perkins loans and the remainder was student accounts receivable and other receivable accounts.

Question: In the answer to the last question posed to UAF (posted on 3/26 on page 3) that asked about the structure of the response to the RFP it's indicated that a response is expected for each section of the RFP and each sub section under each main section in the same ordering as the RFP itself. However, not each section or sub section request information – rather some provides information with no response required. It is expected that those responses would contain “Acknowledged” as opposed to be omitted in an effort to be compliant to the instruction the answer to the question provide? In other words, each section 1-14 and each subsection under 1-14 must be listed and where a response is required, information is provided, where it is just a statement – the response will be “Acknowledged”?

Answer: Correct. As noted in the 2nd paragraph of section 10.2 of the RFP document, “In the event that a detailed response is *not* necessary, the respondent shall state **ACKNOWLEDGED** as the response to indicate that the respondent acknowledges, understands, and fully complies with the specification.”

Question: Can a responding collection vendor provide detail information for consideration, as described on page 2, under Description And Overview of RFP, in the areas of:

- Past Due Accounts Receivable
- Tuition, fees, and other registration related charges
- Residence Life and Dining Services fees and charges
- Transit and Parking fees and fines
- Student Health Services fees and charges
- Returned checks and returned check fees
- Other general receivables

Answer: The University requests responses to *all* types of accounts listed on page 2 of the RFP document, under Section 1 (Description and Overview). The collections for our Perkins loan program are critical because of the cohort default rate. The agencies must know the federal regulations dealing with those loans such as rehabilitation policies and cancellation policies to be able to assist the borrowers with accurate information on how to resolve their defaulted loans. An agency must demonstrate that they have experience in dealing with these loans to be considered as an agency for the University.

Posted April 3, 2015

Question: Regarding 9.17 Warranty-
The vendor must:
A. Define the provisions of the warranty regarding response time for service and support.
B. Outline the standard or proposed plan of action for correcting problems during the warranty period.
C. Respondents must itemize any components, services, and labor that are excluded from warranty

Would the University be able to provide additional definition of “warranty” regarding the “service”?

Answer: Section 9.17 (Warranty) is omitted from the requirements of this RFP. See earlier clarification posted on the April 1 Addendum.

Question:

In regards to Pricing and Fees-

The following collection contingency fees shall be the sole consideration paid to the successful bidder for its services under this contract for all student accounts receivable, Perkins Loan accounts and other university account receivables:

- 21% collection contingency fee on the delinquent balance of each account collected on first placements
- 26% collection contingency fee on the delinquent balance of each account collected for second or third placements.

In 2010, regarding consumer debt, the ACA, (Association of Credit and Collection Association) agreed with the FTC (Federal Trade Commission) that the imposition of a collection charge of 33 % of the outstanding debt may be “unconscionable.” Would the University agree to amend the fee rate of “ 26% *collection contingency fee on the delinquent balance of each amount collected*” to “25% *collection fee on the delinquent balance of each account*”, limiting the amount of the fee to the borrower to 33.33% ?

Answer:

The University will amend the fee rate to “25% *collection fee on the delinquent balance of each account*” for second and third placements.