



Judicial Council of California · Administrative Office of the Courts

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: June 25, 2010

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| Title | Agenda Item Type |
| Juvenile Dependency Court-Appointed Counsel: Competitive Solicitation Policy and Collection Program Guidelines | Action Required |
| | Effective Date |
| | June 25, 2010 |
| Rules, Forms, Standards, or Statutes Affected | Date of Report |
| None | May 18, 2010 |
| Recommended by | Contact |
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| Center for Families, Children & the Courts | |

Executive Summary

The Administrative Office of the Courts (AOC) recommends that the council adopt a competitive solicitation policy applicable to Dependency Representation, Administration, Funding and Training (DRAFT) program courts, that the council direct staff to work with the Trial Court Budget Working Group, the Trial Court Presiding Judges Advisory Committee, and the Court Executives Advisory Committee, to develop recommendations as to whether such a policy should be adopted for the non-DRAFT courts, and that the council adopt the Juvenile Dependency Counsel Collection Program Guidelines. Implementation of a standardized and universal competitive solicitation policy will enable maximization of funding of the court-appointed counsel program and will provide transparency and objectivity to a process that currently has the potential to be viewed as arbitrary. The collection program guidelines have been developed pursuant to legislative mandate; adoption of the guidelines ensures Judicial Council compliance with statutory requirements.

Recommendation

The AOC recommends that the Judicial Council:

1. Adopt the DRAFT Program Competitive Solicitation Policy provided as Attachment A.
2. Direct staff to work with the Trial Court Budget Working Group, the Trial Court Presiding Judges Advisory Committee, and the Court Executives Advisory Committee, to determine whether a competitive solicitation policy should be adopted for the non-DRAFT courts.
3. Adopt the Juvenile Dependency Counsel Collection Program Guidelines provided as Attachment C.

Previous Council Action

The Judicial Council directed staff to implement DRAFT as a three-year pilot program comprising ten volunteer court systems effective July 1, 2004, and later acted to make the program permanent effective July 1, 2008. There are 20 court systems currently participating in the DRAFT program.

DRAFT was implemented to address critical trial court needs with respect to attorney quality, availability, and cost, through the establishment of partnerships between participating courts and the AOC. Under DRAFT, courts retain responsibility for juvenile dependency counsel selection, and the AOC has responsibility for direct attorney contracting and service administration. The partnership between DRAFT-participating courts and the AOC was formalized with the establishment of the DRAFT Pilot Program Implementation Committee (committee), a body composed of representatives from participating courts and charged with developing all major DRAFT pilot program policies. Although competitive procurement has been a core element of the program, no formal policy regarding solicitation was established by the committee, nor has such a policy been considered by the Judicial Council.

In June 2008, the Executive and Planning Committee, on behalf of the Judicial Council, adopted a compensation model for court-appointed counsel and a related workload-based funding methodology to be used in determining individual trial court appointed-counsel allocations; together, the model and methodology are referred to as the Caseload Funding Model (CFM). The CFM is applicable to both DRAFT and non-DRAFT courts, and was premised on the policy decision that, given the import of court-appointed dependency counsel services and the limited availability of funding for the program, trial court allocations should be based on need, as determined by attorney compensation standards and workload, as opposed to simply historical expenditure levels alone.

The council has not previously acted in the area of dependency counsel collections.

Rationale for Recommendation

Each of the three recommendations for council action is discussed below.

Recommendation 1. Adopt the court-appointed dependency counsel solicitation policy.

This recommendation establishes a cyclical bidding cycle for all dependency counsel contracts administered by the AOC; the proposed policy is provided as Attachment A.

Legal services are exempted from competitive bidding requirements by the Public Contract Code.¹ Currently then, in the absence of such a requirement, decisions regarding whether and when to issue Requests for Proposals for dependency counsel services are ultimately made by each DRAFT-participating court, with consultation from AOC program staff. As outlined in the table below, under the current informal process, half of all court-appointed counsel contracts administered by the AOC have not been subject to competitive bidding during the duration of the DRAFT program.

| Court | Last RFP Issued | Previous RFP Issued |
|-----------------|------------------------|----------------------------|
| Alameda | None | |
| Amador | None | |
| Del Norte | None | |
| El Dorado | None | |
| Imperial | 2005 | |
| Lake | None | |
| Los Angeles | 2005* | |
| Marin | 2010 | 2005 |
| Mendocino | 2005 | |
| Plumas | None | |
| Sacramento | None | |
| San Diego | 2010 | 2004 |
| San Joaquin | 2005* | |
| San Luis Obispo | None | |
| Santa Barbara | 2004 | |
| Santa Clara | 2008 | |
| Santa Cruz | 2008* | |
| Solano | None | |
| Sonoma | None | |
| Stanislaus | 2004 | |

*RFP was issued for some, but not all, services in these courts.

¹ Procurements for legal services and expert witnesses in litigation matters are exempted from bidding requirements under Public Contract Code section 10335.5(c) (3), (4).

The lack of a routine solicitation process impacts both the ability to maximize program funds and vendor and public perceptions of fairness.

Ability to Maximize Limited Court–Appointed Counsel (CAC) Funds

The statewide court-appointed counsel appropriation has totaled \$103.7 million for fiscal years 2008–09 and 2009–10; program expenditures will total approximately \$113 million in both years, with the council authorizing one-time transfers from surplus trial court trust funds to the court-appointed counsel program to make up the difference. It is anticipated that there will not be additional trial court trust funds available to supplement the court-appointed counsel budget in the upcoming fiscal year. The DRAFT program, which is composed of 20 court systems, represents 66 percent of the \$113 million annual program expenditure level.

Distinct from the current \$113 million annual expenditure level, the CFM, adopted by the Judicial Council in 2008, provides a basis for determining how much court-appointed counsel services *should* cost, by court system. Application of this model statewide identifies a program funding need of \$154.9 million. Despite the legislative interest in this area and ongoing attempts to secure the resources needed to support the funding model, it is highly unlikely that the legislature will allocate any new funding to the court-appointed counsel program in the foreseeable future; thus, for the budget year, a program budget of \$103.7 million is a realistic maximum.

There is wide variance in current trial court appointed–counsel allocations with respect to the CFM, ranging from 10 to 233 percent of the model. These inequities are based primarily on historical expenditure and contracting patterns; absent a competitive procurement cycle, it is virtually impossible to address structural funding disparities in a uniform manner and on a statewide basis. Given the severe fiscal limitations facing the program in the next several fiscal years, with a minimum of a 10 percent program funding reduction in the budget year alone (from \$113 to \$103.7 million), a continuation of the status quo wherein a significant share of contracts are never subjected to competitive solicitation and significant intercourt inequities cannot be addressed, would not represent sound fiscal governance.

Transparency and Fairness

Because of the current ad hoc nature of the decision-making process whether and when to issue competitive solicitations, concerns have been expressed by some vendors that competitive procurement decisions are arbitrary, based on subjective rather than objective considerations. Conversely, the failure to regularly issue solicitations has resulted in interested bidders challenging contracting patterns that seem to preclude new parties from securing appointed counsel work. The establishment of a comprehensive solicitation policy addresses both concerns.

Recommendation 2. Direct staff to work with the Trial Court Budget Working Group, the Trial Court Presiding Judges Advisory Committee, and the Court Executives Advisory Committee, to determine whether a competitive solicitation policy should be adopted for the non-DRAFT courts.

The rationale for adoption of a competitive solicitation policy for the DRAFT courts is broadly applicable to non-DRAFT courts as well; however, because the AOC is not directly involved in contracting on behalf of these courts, additional discussion regarding the implications of adoption of such a policy on a statewide basis is needed. As a result, staff seeks direction to work with the Trial Court Budget Working Group, the Trial Court Presiding Judges Advisory Committee, and the Court Executives Advisory Committee, to determine whether the policy should be adopted on a statewide basis, and to bring a recommendation regarding the policy to the council at either its October or December meeting.

Recommendation 3. Adopt the Juvenile Dependency Counsel Collection Program

Guidelines

Assembly Bill (AB) 131, which amends sections 903.1 and 903.4, and adds section 903.47 to the Welfare and Institutions Code, went into effect January 1, 2010. The legislation directs the Judicial Council to establish a collection program for dependency counsel services, authorizes the court to receive collected funds, and specifies the targeted use of collected funds for dependency counsel caseload reduction. A copy of the chaptered version of the bill is provided as Attachment B.

The bill specifically directs the Judicial Council to establish a program to collect reimbursements for counsel that includes the following components:

- 1) A statewide standard for determining ability to pay, which shall at a minimum include the family's income, their necessary obligations, the number of individuals dependent on this income, and the cost-effectiveness of the program;
- 2) Policies and procedures allowing a court to recover the costs associated with collecting delinquent reimbursements; and
- 3) Policies and procedures outlining terms under which a court may use a third party to collect delinquent reimbursements.

The Court-Appointed Dependency Counsel Collection Program Guidelines submitted for council adoption, and provided as Attachment C, were developed in accordance with the legislative intent.

Comments, Alternatives Considered, and Policy Implications

Competitive Solicitation

Between March 1 and 8, 2010, three Webinars were held with representatives from DRAFT participating courts to discuss the competitive solicitation policy; representatives from 19 of the 20 DRAFT courts participated in the Web-based discussions. In addition, a draft of the policy was disseminated to the DRAFT courts for review in early May.

While the courts expressed general support for, and understanding of, the need to procure appointed counsel services competitively, concerns were expressed regarding the potential disruption caused by the uncertainty of a competitive procurement process, the impact on the

courts should new vendors be selected, and utilization of cost as the sole factor to select vendors (and thus a corresponding deterioration in the level of vendor quality). Suggested alternatives included renegotiating rates with existing vendors absent solicitation, developing an abbreviated Request for Proposals process for use in certain circumstances, and an extended cycle for competitive bidding for specified vendors.

The policy submitted to the council for adoption addresses many of the courts' concerns. Concerns regarding court disruption were somewhat allayed by a three-year minimum bidding cycle, although several courts continue to express preference for the status quo practice wherein decisions to issue solicitations are made on an ad hoc basis. Explanation of the vendor proposal evaluation process, in which quality, not cost, is the single most important scoring criterion, addressed fears that unqualified low bidders would secure appointed counsel contracts under a competitive procurement process. Lastly, an extended bidding cycle for contracts with organizations established for the sole purpose of providing court-appointed dependency counsel services pursuant to a competitive solicitation has been included in the proposed policy. Some concern does remain that vendors whose livelihood solely depends on appointed dependency counsel work, but whose contracts were not awarded pursuant to competitive bidding, will be subjected to the three- versus five-year bidding cycle. One option for the council to consider is whether the extended bidding cycle (five years) should apply to all vendors for whom dependency counsel representation represents their sole source of income, regardless of whether or not these vendors have ever participated in a competitive procurement process.

Court-Appointed Dependency Counsel Collection Program Guidelines

A working group comprising self-identified representatives from interested courts was established in January 2010 to develop the guidelines.² The group has met monthly since that time. In addition to input from working group members, staff vetted initial guideline ideas with DRAFT court representatives as part of the March Webinars described above.

While there were no alternatives to developing the guidelines themselves, given the legislative mandate to develop the guidelines, many alternatives were discussed with respect to the content of the guidelines, including what standard would be used for determining ability to pay, who would make that determination, how and whether payment plans would be established, and whether or not the collection program would be implemented retroactively.

The guidelines provided as Attachment C and submitted to the council for adoption reflect the consensus of the working group;³ the working group will continue meeting to finalize all aspects

² The working group is composed of representatives from the courts of Butte, Humboldt, Los Angeles, Orange, Placer, Riverside, Sacramento, San Francisco, Solano, Sonoma, and Yolo Counties.

³ One component of the guidelines reflects a staff, as opposed to a working group, recommendation; section 5.2, which specifies that any court utilizing an outside collection vendor must use one of the vendors that has entered into a master agreement with the AOC, reflects a staff position that collection services should be conducted by approved vendors only.

of the guidelines and to serve as an informal advisory body during the initial phase of the collection program implementation.⁴

Implementation Requirements, Costs, and Operational Impacts

Competitive Solicitation

Adoption of the policy will result in an increased workload for AOC staff in the Center for Families, Children & the Courts (CFCC) and the Finance Division. Implementation of the policy will require increased staff support for the Finance Division; funding for increased staffing required will be identified by CFCC and will not derive from any General Fund sources.

As the policy is currently recommended for adoption solely with respect to the DRAFT courts, there will be no workload impact for the courts; the AOC administers dependency counsel programs on behalf of these courts and as such will realize the workload increase resulting from adoption of the policy. Should the policy be expanded to apply to all courts, there would in fact be a resultant trial court workload impact. The council is asked to direct staff to work with the with the Trial Court Budget Working Group, the Trial Court Presiding Judges Advisory Committee, and the Court Executives Advisory Committee, to determine whether the policy should be adopted on a statewide basis, so as to ensure that any recommendation regarding expanded policy adoption will take trial court workload considerations into account.

Collection Program

Implementation of the legislatively mandated collection program may be associated with significant costs and operational impacts. With respect to the fiscal issues, there are costs associated with staffing the financial evaluation function, providing attorneys for contested fee hearings, and conducting collections. Per the legislation, many of these costs can be offset by the courts against collected revenue. Further, the guidelines are written so as to provide courts with flexibility to establish court-appointed counsel programs locally in the most cost effective manner possible—for example, anyone ranging from a clerk to a judicial officer may conduct the requisite review of financial information.

Lastly, it should be noted that cost effectiveness is a built-in component of the legislation, which requires that the program collect more revenue annually than it costs to operate. Staff has worked diligently to establish a flexible policy that will allow the courts to offset a significant portion of implementation costs from collected revenue, while still resulting in a net positive gain for the program on a statewide basis.

⁴ Although all aspects of the guidelines are not yet finalized, as noted in Attachment C by “to be determined” language, the three guideline components specifically delineated by statute—(1) determination of ability to pay, (2) court cost recovery, and (3) use of third-party collections vendors—have been finalized. Given the need to move forward with program implementation and the fact that the mandatory guideline sections have been finalized, staff determined it appropriate to bring the guidelines to the council for adoption at this time.

Relevant Strategic Plan Goals and Operational Plan Objectives

Because this proposal addresses both appropriate resource allocation and improvement of the collection of fees, it supports Goal III, Modernization of Management and Administration, Operational Plan Objectives 2 and 4.

Attachments

1. Attachment A: DRAFT Program Competitive Solicitation Policy
2. Attachment B: Assembly Bill No. 131
3. Attachment C: Juvenile Dependency Counsel Collection Program Guidelines
4. Attachment C1: Courts by DRAFT Region
5. Attachment C2: Master Agreement for Collection Services With Access Capital Services, Inc.

**DRAFT Program
Competitive Solicitation Policy**

1. All court-appointed counsel services procured by the Administrative Office of the Courts (AOC) on behalf of the trial courts with an annual value in excess of \$20,000 shall be subject to formal competitive procurement on either three or five year intervals. The competitive procurement interval shall be determined as follows:
 - a. Five-Year Cycle
 - i. Contracts with organizations established for the sole purpose of providing court-appointed dependency counsel services pursuant to a competitive solicitation.
 - ii. Contracts with organizations that represent 3,000 clients or more.
 - b. Three-Year Cycle
 - i. All other contracts will be subject to competitive procurement on a three-year cycle.
2. The AOC, in consultation with the trial court on whose behalf the services are solicited, will create the solicitation documents and specifications.
 - a. The AOC and the trial court will develop the selection criteria (e.g., qualifications, experience, acceptance of AOC terms and conditions, etc.) for evaluation of proposals and the order of importance of the selection criteria, which will be specified in the Request for Proposals.
 - b. The AOC and the trial court will evaluate the proposals against the stated selection criteria to determine the relative rank of each proposal.
 - c. The AOC and the trial court will select proposer(s) from among the proposals received, based on the stated evaluation criteria.
 - d. The AOC will negotiate contract(s) with the selected proposer(s).
3. Individuals or businesses (including affiliates of the businesses) that assist the AOC in the preparation of solicitation documents are not permitted to submit proposals.
4. Individuals or businesses that have a financial interest, conflict of interest, or perceived conflict of interest are prohibited from assisting the trial court and the AOC in the evaluation of proposals.

Assembly Bill No. 131

CHAPTER 413

An act to amend Sections 903.1 and 903.45 of, and to add Section 903.47 to, the Welfare and Institutions Code, relating to juvenile court costs.

[Approved by Governor October 11, 2009. Filed with
Secretary of State October 11, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

AB 131, Evans. Juvenile proceedings: costs.

Existing law provides for the appointment of counsel to represent a parent or guardian of a child, or the child, in juvenile court proceedings if the parent or guardian is unable to afford counsel. Existing law also provides that the father, mother, spouse, or other person liable for the support of the minor shall be liable to the county for those costs, except as specified, and, more generally, for specified other costs, including the reasonable costs of support of the minor while the minor is placed in, detained in, or committed to, any institution pursuant to an order of the juvenile court or pursuant to the authority of a peace officer to take a minor into temporary custody.

Existing law authorizes the board of supervisors to designate a county financial evaluation officer to make financial evaluations of liability for reimbursement of the costs described above, as specified, and authorizes that officer to petition the court for an order requiring the person who is determined to be financially responsible to pay the costs.

This bill would expand the provisions described above to specifically provide that the persons who are liable for the support of the minor shall also be liable for the cost to the county or the court for the cost of legal services rendered to the minor, except under specified circumstances. The bill would specify that the fees collected pursuant to this provision be deposited in the Trial Court Trust Fund.

The bill would require the Judicial Council to establish a cost recovery program, including a specified statewide standard for determining the ability to pay, to collect reimbursements for the costs of counsel appointed by the court to represent parents or minors, as specified. The bill would also authorize the court, with the consent of the county and pursuant to the terms and conditions agreed upon by the court and the county, to designate a financial evaluation officer to make financial evaluations of liability for reimbursement pursuant to the provision governing liability for the cost to the county or the court of legal services rendered to the minor. The bill would also make related and technical changes.

The people of the State of California do enact as follows:

SECTION 1. Section 903.1 of the Welfare and Institutions Code is amended to read:

903.1. (a) The father, mother, spouse, or other person liable for the support of a minor, the estate of that person, and the estate of the minor, shall be liable for the cost to the county or the court, whichever entity incurred the expenses, of legal services rendered to the minor by an attorney pursuant to an order of the juvenile court. The father, mother, spouse, or other person liable for the support of a minor and the estate of that person shall also be liable for any cost to the county or the court of legal services rendered directly to the father, mother, or spouse, of the minor or any other person liable for the support of the minor, in a dependency proceeding by an attorney appointed pursuant to an order of the juvenile court. The liability of those persons (in this article called relatives) and estates shall be a joint and several liability.

(b) Notwithstanding subdivision (a), the father, mother, spouse, or other person liable for the support of the minor, the estate of that person, or the estate of the minor, shall not be liable for the costs of any of the legal services provided to any person described in this section if a petition to declare the minor a dependent child of the court pursuant to Section 300 is dismissed at or before the jurisdictional hearing.

(c) Fees received pursuant to this section shall be transmitted to the Administrative Office of the Courts in the same manner as prescribed in Section 68085.1 of the Government Code. The Administrative Office of the Courts shall deposit the fees received pursuant to this section into the Trial Court Trust Fund.

SEC. 2. Section 903.45 of the Welfare and Institutions Code is amended to read:

903.45. (a) The board of supervisors may designate a county financial evaluation officer pursuant to Section 27750 of the Government Code to make financial evaluations of liability for reimbursement pursuant to Sections 207.2, 903, 903.1, 903.2, 903.25, 903.3, and 903.5, and other reimbursable costs allowed by law, as set forth in this section.

(b) In any county where a board of supervisors has designated a county financial evaluation officer, the juvenile court shall, at the close of the disposition hearing, order any person liable for the cost of support, pursuant to Section 903, the cost of legal services as provided for in Section 903.1, probation costs as provided for in Section 903.2, or any other reimbursable costs allowed under this code, to appear before the county financial evaluation officer for a financial evaluation of his or her ability to pay those costs; and if the responsible person is not present at the disposition hearing, the court shall cite him or her to appear for such a financial evaluation. In the case of a parent, guardian, or other person assessed for the costs of transport, food, shelter, or care of a minor under Section 207.2 or 903.25, the juvenile court shall, upon request of the county probation department, order the appearance of the parent, guardian, or other person before the

county financial evaluation officer for a financial evaluation of his or her ability to pay the costs assessed.

If the county financial evaluation officer determines that a person so responsible has the ability to pay all or part of the costs, the county financial evaluation officer shall petition the court for an order requiring the person to pay that sum to the county or court, depending on which entity incurred the expense. If the parent or guardian is liable for costs for legal services pursuant to Section 903.1, the parent or guardian has been reunified with the child pursuant to a court order, and the county financial evaluation officer determines that repayment of the costs would harm the ability of the parent or guardian to support the child, then the county financial evaluation officer shall not petition the court for an order of repayment, and the court shall not make that order. In addition, if the parent or guardian is currently receiving reunification services, and the court finds that repayment by the parent or guardian will pose a barrier to reunification with the child because it will limit the ability of the parent or guardian to comply with the requirements of the reunification plan or compromise the parent's or guardian's current or future ability to meet the financial needs of the child, or in any case in which the court finds that the repayment would be unjust under the circumstances of the case, the court shall not order repayment by the parent or guardian. In evaluating a person's ability to pay under this section, the county financial evaluation officer and the court shall take into consideration the family's income, the necessary obligations of the family, and the number of persons dependent upon this income. Any person appearing for a financial evaluation shall have the right to dispute the county financial evaluation officer's determination, in which case he or she shall be entitled to a hearing before the juvenile court. The county financial evaluation officer at the time of the financial evaluation shall advise such a person of his or her right to a hearing and of his or her rights pursuant to subdivision (c).

At the hearing, any person so responsible for costs shall be entitled to have, but shall not be limited to, the opportunity to be heard in person, to present witnesses and other documentary evidence, to confront and cross-examine adverse witnesses, to disclosure of the evidence against him or her, and to receive a written statement of the findings of the court. The person shall have the right to be represented by counsel, and, when the person is unable to afford counsel, the right to appointed counsel. If the court determines that the person has the ability to pay all or part of the costs, including the costs of any counsel appointed to represent the person at the hearing, the court shall set the amount to be reimbursed and order him or her to pay that sum to the county or court, depending on which entity incurred the expense, in a manner in which the court believes reasonable and compatible with the person's financial ability.

If the person or persons, after having been ordered to appear before the county financial evaluation officer, have been given proper notice and fail to appear as ordered, the county financial evaluation officer shall recommend

to the court that he, she, or they be ordered to pay the full amount of the costs. Proper notice to him, her, or them shall contain all of the following:

(1) That he, she, or they have a right to a statement of the costs as soon as it is available.

(2) His, her, or their procedural rights under Section 27755 of the Government Code.

(3) The time limit within which his, her, or their appearance is required.

(4) A warning that if he, she, or they fail to appear before the county financial evaluation officer, the officer will recommend that the court order him, her, or them to pay the costs in full.

If the county financial evaluation officer determines that the person or persons have the ability to pay all or a portion of these costs, with or without terms, and he, she, or they concur in this determination and agree to the terms of payments, the county financial evaluation officer, upon his or her written evaluation and the person's or persons' written agreement, shall petition the court for an order requiring him, her, or them to pay that sum to the county or the court in a manner which is reasonable and compatible with his, her, or their financial ability. This order may be granted without further notice to the person or persons, provided a copy of the order is served on him, her, or them by mail.

However, if the county financial evaluation officer cannot reach an agreement with the person or persons with respect to either the liability for the costs, the amount of the costs, his, her, or their ability to pay the same, or the terms of payment, the matter shall be deemed in dispute and referred by the county financial evaluation officer back to the court for a hearing.

(c) At any time prior to the satisfaction of a judgment entered pursuant to this section, a person against whom the judgment was entered may petition the rendering court to modify or vacate the judgment on the basis of a change in circumstances relating to his or her ability to pay the judgment.

(d) Execution may be issued on the order in the same manner as on a judgment in a civil action, including any balance remaining unpaid at the termination of the court's jurisdiction over the minor.

SEC. 3. Section 903.47 is added to the Welfare and Institutions Code, to read:

903.47. (a) The Judicial Council shall establish a program to collect reimbursements from the person liable for the costs of counsel appointed to represent parents or minors pursuant to Section 903.1.

(1) As part of the program, the Judicial Council shall:

(A) Adopt a statewide standard for determining the ability to pay reimbursements for counsel, which shall at a minimum include the family's income, their necessary obligations, the number of individuals dependent on this income, and the cost-effectiveness of the program.

(B) Adopt policies and procedures allowing a court to recover from the money collected the costs associated with collecting delinquent reimbursements. The policies and procedures shall at a minimum limit the amount of money a court may recover to a reasonable proportion of the delinquent reimbursements collected and provide the terms and conditions

under which a court may use a third party to collect delinquent reimbursements.

(2) The money collected shall be deposited as required by Section 68085.1 of the Government Code. Except as otherwise authorized by law, the money collected under this program shall be utilized to reduce caseloads, for attorneys appointed by the court, to the caseload standard approved by the Judicial Council. Priority shall be given to those courts with the highest attorney caseloads that also demonstrate the ability to immediately improve outcomes for parents and children as a result of lower attorney caseloads.

(b) With the consent of the county and pursuant to the terms and conditions agreed upon by the court and county, the court may designate a financial evaluation officer to make financial evaluations of liability for reimbursement pursuant to Section 903.1. In processing reimbursement of payments pursuant to Section 903.1, the court and financial evaluation officer shall follow the procedures set forth for county financial evaluation officers in subdivisions (b), (c), and (d) of Section 903.45.

Attachment C

| | |
|-------------------|---|
| Policy Number: | TBD |
| Title: | Juvenile Dependency Counsel Collection Program (JDCCP) Guidelines |
| Contact: | Center for Families, Children and the Courts |
| Policy Statement: | The purpose of this policy is to establish uniform guidelines for the Administrative Office of the Courts (AOC) to use in implementation of Assembly Bill 131, which amended W&I Code §903.1 and §903.45, and added §903.47. |
| Contents: | <ul style="list-style-type: none">1.0 General Information2.0 Determination of Ability to Pay<ul style="list-style-type: none">2.1 Basis for Determination of Ability to Pay<ul style="list-style-type: none">2.1.1 Fee Waiver Eligibility2.2 Review of Form and Documentation<ul style="list-style-type: none">2.2.1 Reviewing Staff2.2.2 Technical Assistance2.3 Timing of Determination (to be determined)3.0 Amount to be Assessed4.0 Frequency of Assessment<ul style="list-style-type: none">4.1 Initial Assessment4.2 Subsequent Assessments (to be determined)5.0 Collections<ul style="list-style-type: none">5.1 In-house Collections5.2 External Collections5.3 Delinquent Fees6.0 Implementation Date<ul style="list-style-type: none">6.1 Implementation for New Cases7.0 Reporting Requirements (to be determined) |

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| | <p>8.0 Cost Recovery</p> <p>9.0 Indirect Collections Cost</p> <p>10.0 Attachments</p> <p> 10.1 Related Documents</p> <p> 10.2 Reporting Templates (to be determined)</p> |
| | |

1.0 General Information

Assembly Bill 131 added W&I §903.47, in part:

903.47. (a) The Judicial Council shall establish a program to collect reimbursements from the person liable for the costs of counsel appointed to represent parents or minors pursuant to Section 903.1.

(1) As part of the program, the Judicial Council shall:

(A) Adopt a statewide standard for determining the ability to pay reimbursements for counsel, which shall at a minimum include the family’s income, their necessary obligations, the number of individuals dependent on this income, and the cost-effectiveness of the program.

(B) Adopt policies and procedures allowing a court to recover from the money collected the costs associated with collecting delinquent reimbursements. The policies and procedures shall at a minimum limit the amount of money a court may recover to a reasonable proportion of the delinquent reimbursements collected and provide the terms and conditions under which a court may use a third party to collect delinquent reimbursements.

2.0 Determination of Ability to Pay

2.1 Basis for determination of ability to pay

Ability to pay will be determined by review of completed financial evaluation forms and related documentation.

2.1.1 Fee Waiver Eligibility

Eligibility for a fee waiver will be based on one of the following categories:

- (a) Applicant receives public assistance.
- (b) Applicant’s gross monthly income is less than 125% of federal poverty guidelines.

- (c) Applicant does not have enough income to pay for household needs and attorney's fees.
- (d) Applicant has been reunified with their child(ren) pursuant to a court order, or is receiving reunification services, and payment of attorney's fees would harm their ability to support their child(ren).
- (e) Applicant is receiving reunification services, and payment of attorney's fees would limit their ability to comply with the requirements of the reunification plan.

2.2 Review of Form and Documentation

Review of completed forms and related documentation will be completed by the trial court. The trial court will designate the appropriate staff or judicial officer to conduct this review and determination.

2.2.1 Reviewing Staff

The review and determination will be conducted by a clerk, judicial officer, financial evaluation officer, or other staff, as designated by the court with the consent of the county, pursuant to Welfare and Institutions Code Section 903.47(b).

2.2.2 Technical Assistance

The AOC will provide technical assistance upon request for courts that do not have a collections program in place and/or would like to coordinate with other court jurisdictions in establishing a dependency collections program. Technical assistance will include, but is not limited to:

- (a) Helping to establish a collections program within a court's current structure.
- (b) Coordinating a regional staffing model, if sufficient jurisdictional interest exists in forming regional partnerships.
- (c) Working with current collections agencies to ensure adequate reporting.

2.3 Timing of Determination

To be determined.

3.0 Amount to be Assessed - Uniform Cost Model

The cost for representation in each court is derived from the hours per hearing as determined by the statewide Caseload Study conducted in 2002. The hourly rate for each court is based on the Caseload Funding Model adopted by the Judicial Council in 2008. The hourly rate will be adjusted every five years, using data from the US Census and American Community Survey. Representation costs for each court are provided in Attachment 2.

4.0 Frequency of Assessment

4.1 Initial Assessment

At the dispositional hearing, an initial fee will be assessed. The fee will cover representation services for the following 12-month period.

4.2 Subsequent Assessments (to be determined)

5.0 Collections

5.1 In-house Collections

To the extent feasible, courts may conduct collections in house.

5.2 External Collections

When appropriate, a court may use an outside collections vendor. Any court that uses an outside collections vendor must use one of the vendors that has entered into a master agreement with the AOC, as provided in Attachment 3.

5.3 Delinquent Fees

Any fees not remitted on the same day as the court order are considered delinquent. No interest shall accrue on delinquent fees.

6.0 Implementation Date

6.1 Implementation for New Cases

The program will go into effect for all cases reaching disposition after January 1, 2011.

7.0 Reporting Requirements (to be determined)

8.0 Cost Recovery

The court may recover costs associated with the collection of delinquent reimbursements. Cost recovery will be limited to the actual cost of the collections activity and may not exceed the total amount collected under the court's dependency counsel collections program.

9.0 Indirect Collections Cost

Any court that uses an outside collections vendor must use one of the vendors that has entered into a master agreement with the AOC. The court must complete a participation agreement with the selected vendor and submit it to the AOC.

10.0 Attachments

The following documents provide information about the cost models that have been developed for juvenile dependency collections and the collections master agreement developed by the AOC for courts' enhanced collections programs.

10.1 Related Documents

Attachment 1 - Cost Models for each Court

Attachment 2 – Sample Collections Master Agreement

10.2 Reporting Templates

To be determined.

Courts by DRAFT Region

| Region 1 | Region 2 | Region 3 | Region 4 |
|-----------------|-----------------|-----------------|-----------------|
| Butte | Alpine | Alameda | Contra Costa |
| Colusa | Amador | Los Angeles | Marin |
| Del Norte | Calaveras | Monterey | San Francisco |
| Fresno | El Dorado | Napa | San Mateo |
| Humboldt | Glenn | Orange | Santa Clara |
| Imperial | Inyo | Placer | |
| Kings | Kern | Riverside | |
| Lassen | Lake | San Diego | |
| Mariposa | Madera | Santa Barbara | |
| Merced | Mendocino | Santa Cruz | |
| Modoc | Mono | Solano | |
| Plumas | Nevada | Sonoma | |
| Shasta | Sacramento | Ventura | |
| Sierra | San Benito | | |
| Siskiyou | San Bernardino | | |
| Tehama | San Joaquin | | |
| Trinity | San Luis Obispo | | |
| Tulare | Stanislaus | | |
| | Sutter | | |
| | Tuolumne | | |
| | Yolo | | |
| | Yuba | | |

**Juvenile Dependency Court-Appointed Counsel
Flat Fee Based on First Year Hearings and Writ**

Region 1

Hourly Rate \$65

| <u>Hearing/Event</u> | <u>Hours per Event</u> | <u>Cost per event</u> | |
|----------------------|------------------------|-----------------------|-----------------------------------|
| Detention | 3.5 | \$228 | |
| Disposition | 5.35 | \$348 | Fee for First Year |
| 6 month review | 3.17 | \$206 | |
| 12 month review | 2.26 | \$147 | |
| 18 month review | 0.95 | \$62 | \$928 |
| .26 hearing | 4.67 | \$304 | |
| First PPH | 0.57 | \$37 | |
| Second PPH | 0.57 | \$37 | |
| Third PPH | 0.57 | \$37 | Writ Fee |
| 39.1B writ | 13.22 | \$859 | |

**Juvenile Dependency Court-Appointed Counsel
Flat Fee Based on First Year Hearings and Writ**

Region 2

Hourly Rate \$75

| <u>Hearing/Event</u> | <u>Hours per Event</u> | <u>Cost per event</u> | |
|----------------------|------------------------|-----------------------|-----------------------------------|
| Detention | 3.5 | \$263 | |
| Disposition | 5.35 | \$401 | Fee for First Year |
| 6 month review | 3.17 | \$238 | |
| 12 month review | 2.26 | \$170 | \$1,071 |
| 18 month review | 0.95 | \$71 | |
| .26 hearing | 4.67 | \$350 | |
| First PPH | 0.57 | \$43 | |
| Second PPH | 0.57 | \$43 | |
| Third PPH | 0.57 | \$43 | Writ Fee |
| 39.1B writ | 13.22 | \$992 | |

**Juvenile Dependency Court-Appointed Counsel
Flat Fee Based on First Year Hearings and Writ**

Region 3

Hourly Rate \$86

| <u>Hearing/Event</u> | <u>Hours per Event</u> | <u>Cost per event</u> | |
|----------------------|------------------------|-----------------------|-----------------------------------|
| Detention | 3.5 | \$301 | |
| Disposition | 5.35 | \$460 | Fee for First Year |
| 6 month review | 3.17 | \$273 | |
| 12 month review | 2.26 | \$194 | \$1,228 |
| 18 month review | 0.95 | \$82 | |
| .26 hearing | 4.67 | \$402 | |
| First PPH | 0.57 | \$49 | |
| Second PPH | 0.57 | \$49 | |
| Third PPH | 0.57 | \$49 | Writ Fee |
| 39.1B writ | 13.22 | \$1,137 | |

**Juvenile Dependency Court-Appointed Counsel
Flat Fee Based on First Year Hearings and Writ**

Region 4

Hourly Rate \$97

| <u>Hearing/Event</u> | <u>Hours per Event</u> | <u>Cost per event</u> | |
|----------------------|------------------------|-----------------------|-----------------------------------|
| Detention | 3.5 | \$340 | |
| Disposition | 5.35 | \$519 | Fee for First Year |
| 6 month review | 3.17 | \$307 | |
| 12 month review | 2.26 | \$219 | |
| 18 month review | 0.95 | \$92 | \$1,385 |
| .26 hearing | 4.67 | \$453 | |
| First PPH | 0.57 | \$55 | |
| Second PPH | 0.57 | \$55 | |
| Third PPH | 0.57 | \$55 | Writ Fee |
| 39.1B writ | 13.22 | \$1,282 | |

Master Agreement No. MA-200901
with Access Capital Services, Inc.

**MASTER AGREEMENT
FOR
COLLECTION SERVICES**

This Master Agreement (“Master Agreement”) is made and entered into on February 4, 2009 (“Effective Date”) between the Judicial Council/Administrative Office of the Courts (“AOC”) and Access Capital Services, Inc. with offices at 200 East Center Street, Visalia, California 93291 (“Contractor”) (individually, a “Party”; collectively, the “Parties”).

BACKGROUND

1. Contractor was selected by a competitive solicitation process to furnish collections services to one or more of the 58 Superior Courts of California; the Counties of the State of California; and other governmental or regulatory entities identified by the AOC (individually, a “Participating Entity”; collectively, the “Participating Entities”).
2. Contractor is willing and able to provide collection services to Participating Entities in substantially similar form to the form attached hereto as Exhibit C, Form of Participating Agreement.

AGREEMENT

The Parties agree to the following:

1. DEFINITIONS

The following defined terms used in this Master Agreement will have the meanings specified below:

“Business Day” means any day on which the Participating Entity is open for business.

“Client Data” means all data and information (i) which is created for a Participating Entity in the course of Contractor’s performance of its obligations under this Master Agreement and the Participating Agreement, or ii) that has been submitted or made available to Contractor by or on behalf of the Participating Entity, including all data and information relating to the Participating Entities and their respective contractors, agents, employees, technology, operations, facilities, markets, products, capacities, systems, procedures, security practices, court records, court proceedings, research, development, business affairs and finances, ideas, concepts, innovations, inventions, designs, business methodologies, improvements, trade secrets, copyrightable subject matter, patents and other intellectual property and proprietary information.

“Participating Agreement” means the contract entered into between a Participating Entity and Contractor which specifies collection services to be performed under the terms of this Master Agreement and which references this Master Agreement.

2. SERVICES

2.1 Scope of Services. Contractor will provide any or all of the services set forth in Exhibit A, Statement of Work (the "Services") to each Participating Entity upon execution by Contractor and each Participating Entity of a Participating Agreement specifying the scope and range of the Services requested by the Participating Entity. Contractor shall perform and complete all Services in compliance with the requirements of this Master Agreement, the applicable Participating Agreements, and to the satisfaction of the respective Participating Entity.

2.2 Obligation. This Master Agreement does not obligate any potential Participating Entity to contract with Contractor under this Master Agreement nor does it guarantee Contractor a specific volume of accounts.

2.3 Non-Exclusivity. This is a non-exclusive agreement. The AOC, on behalf of itself and the potential Participating Entities, reserves the right to perform, or have others perform the Services, the right to bid the Services to others, or procure the Services by other means. Contractor shall reasonably cooperate with any third parties retained by the AOC or the Participating Entity to perform the Services.

2.4 Subcontracting. Contractor will not subcontract or delegate any of its obligations under this Master Agreement.

3. PAYMENTS TO CONTRACTOR

3.1 Fees. Contractor will accept all accounts for collection referred by a Participating Entity on a contingency fee basis. Compensation will be in accordance with Exhibit B, Fee Schedule, or as otherwise specified in the Participating Agreement. For victim restitution, Contractor's fee will be limited to the 10% administration fee allowed by statute and if authorized by a resolution by a County Board of Supervisors. Contractor will not be entitled to invoice a Participating Entity for this fee until the victim's restitution has been paid in full.

3.2 Expenses: Except as expressly set forth in this Master Agreement, or in a Participating Agreement, all expenses relating to the Services are included in the fees. Contractor is responsible for all start-up and on-going operational costs, including all costs associated with the transfer of paper records to electronic data. There will be no additional fee for reporting to credit bureaus.

3.3 Payment Schedule: Each month during the term of this Agreement, and in such a manner that the Participating Entity receives Contractor's invoice within ten (10) Business Days after the last day of such month, Contractor shall invoice the Participating Entity for the Services satisfactorily performed during such month. Contractor will not withhold its fee from any collected amounts to be forwarded to the Participating Entity.

3.4 Time and Payment of Invoices. Unless provided otherwise in a Participating Agreement, payment will be made net thirty (30) days after the Participating Entity's receipt of each itemized invoice, subject to Participating Entity's right to withhold amounts disputed by the Participating Entity. Contractor shall provide invoices with the level of detail reasonably requested by the Participating Entity.

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3.5 Taxes. Unless otherwise required by law, the Participating Entity is exempt from federal excise taxes, and will not make payment for any personal property taxes levied on Contractor or for any taxes levied on employee wages. The Participating Entity shall pay for only federal, state or local sales, service, use, or similar taxes imposed on the Services.

3.6 FTB/DMV Collection. The California Department of Motor Vehicles (DMV), and the California Franchise Tax Board (FTB) under its Tax Intercept Program, will sometimes collect the money due on an account that has been referred to the Contractor. The DMV and FTB will transmit these monies directly to the Participating Entity. Contractor will receive no compensation from those accounts where monies are collected by the DMV or the FTB; i.e., no fee will be paid to Contractor if the debt is paid through the DMV or collected by the FTB.

3.7 FTB Transfer Services. For FTB Transfer Services described in Exhibit A, Statement of Work, Contractor will invoice the Participating Entity, and will be compensated for collections performed by and received from the FTB, at rate identified in Exhibit B, Fee Schedule, net of the amount received from the FTB.

4. TERM/TERMINATION

4.1 Term. The term of this Master Agreement will commence upon the Effective Date and shall continue in full force and effect for two (2) years, unless earlier terminated in accordance with the termination provisions contained in this Master Agreement. The AOC, in its sole discretion, will have the ability to renew this Master Agreement for up to three (3) additional successive one (1) year periods. If the AOC elects to renew this Master Agreement, the AOC may negotiate price adjustments applicable during the extension period(s) and any agreed-upon price adjustments will be set forth in a written amendment to this Master Agreement.

4.2 Termination for Convenience. The AOC may terminate this Master Agreement, in whole or in part, for convenience upon written notice to Contractor specifying the extent of the termination and its effective date, provided that Contractor has at least thirty (30) days notice.

4.3 Termination for Cause.

a. The AOC may, by written notice of breach to Contractor, terminate this Master Agreement, in whole or in part, effective upon notice, for cause. Termination may be made for cause if any of the representations or warranties set forth in Section 5 become untrue at any time during the term of this Master Agreement, or if Contractor fails or is unable to meet any of its duties under this Master Agreement, and such failure is not cured within thirty (30) days of written notice of such failure, or is not capable of cure. Whether or not any breach by Contractor is capable of cure, or is cured, is within the sole discretion of the AOC.

b. A Participating Entity may terminate a Participating Agreement for cause, which will include AOC's termination of this Master Agreement. Each Participating Agreement will specify this and any other termination provisions agreed by the parties thereto, including termination for convenience.

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4.4 A Participating Entity's failure to perform any of its responsibilities under a Participating Agreement will not be deemed to be grounds for termination of this Master Agreement by Contractor; provided, however, that Contractor's nonperformance of its obligations under the Master Agreement will be excused if and to the extent: (i) such Contractor nonperformance results from the Participating Entity's failure to perform its responsibilities; and (ii) Contractor provides the Participating Entity with reasonable notice of such nonperformance and uses commercially reasonable efforts to perform notwithstanding the Participating Entity's failure to perform.

5. CONTRACTOR OBLIGATIONS, REPRESENTATIONS AND WARRANTIES.

5.1 At all times during the term of this Master Agreement, and in the performance of the Services;

a. Contractor shall observe and comply with all applicable federal, state, and local laws, rules, and regulations affecting the Services and the operation of Contractor's business;

b. Contractor shall obtain and keep current all necessary licenses, approvals, permits and authorizations required by applicable laws. Contractor will be responsible for all fees and taxes associated with obtaining such licenses, approvals, permits and authorizations.

c. Except where this Master Agreement or a Participating Agreement specifically provides otherwise, Contractor is responsible for providing any and all facilities, assets, and resources (including personnel, facilities, equipment, and software) necessary and appropriate for performance of the Services and to meet Contractor's obligations. Equipment, software licenses and third party service contracts to which access or use is being provided to Contractor will be provided on an "as is, where is" basis.

d. Contractor shall perform the Services with promptness and diligence, in a professional manner and will conform to the requirements of this Master Agreement. During the term of this Master Agreement, Contractor shall, at its sole cost and not as part of the charges for the Services, correct any non-conformity with the foregoing representation and warranty and will use best efforts to do so as expeditiously as possible.

5.2 Contractor represents and warrants:

a. That no gratuities, in the form of entertainment, gifts, or otherwise, were offered by Contractor or any agent, director, or representative of Contractor, to any officer, official, agent, consultant, or employee of the AOC with a view toward securing this Master Agreement or securing favorable treatment with respect to any determinations concerning the performance of this Master Agreement;

b. Contractor has full power and authority to enter into this Master Agreement and any Participating Agreement.

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c. The execution, delivery and performance of this Master Agreement, and any Participating Agreement, and the consummation of the transactions contemplated herein and by each Participating Agreement have been duly authorized by all requisite corporate action;

d. The execution, delivery and performance of this Master Agreement or any Participating Agreement will not constitute: (i) a violation of any judgment, order or decree; (ii) a material breach under any material contract by which it or any of its material assets are bound; or (iii) an event that would, with notice or lapse of time, or both, constitute such a breach.

e. There is no claim, or any litigation, proceeding, arbitration, investigation or controversy pending to which Contractor, any Contractor affiliate, any or Contractor agent is a party, relating to the Services, and which would have an adverse effect on Contractor's ability to enter into this Master Agreement or to perform the Services and, to the best of Contractor's knowledge, no such claim, litigation, proceeding, arbitration, investigation or material controversy has been threatened or is contemplated.

f. Contractor will perform the Services and its responsibilities under this Master Agreement in a manner that (i) does not infringe, or constitute an infringement, misappropriation or violation of, any copyright or trade secret of any third party, and (ii) to the best of Contractor's knowledge, does not infringe any patent rights or trademarks of any third party.

5.3 The rights and remedies of the AOC and each Participating Entity provided in this Section 5 will not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

6. RECORDS; CONFIDENTIALITY

6.1 Data Security. Unless otherwise provided in a Participating Agreement, during the term of this Master Agreement Contractor shall establish and maintain safeguards against the destruction, loss or alteration of Client Data in the possession of Contractor. Contractor will ensure that only personnel and agents who require access to Client Data to perform the Services will have such access. Contractor will not transmit or otherwise send Client Data out of the United States nor will Contractor allow Client Data to be accessed from outside of the United States.

6.2 Ownership of Client Data. All Client Data provided by the Participating Entities is and will remain the property of the respective Participating Entities. The Participating Entities will have all right, title and interest, including worldwide ownership of trade secret rights, copyright and patents, in and to Client Data and all copies made from it. Except as set forth herein, without the Participant Entity's approval (in its sole discretion), Client Data shall not be (i) used by Contractor or its agents other than in connection with providing the Services, (ii) disclosed, sold, assigned, leased or otherwise provided to third parties by Contractor or its agents or (iii) commercially exploited by or on behalf of Contractor or its agents.

6.3 Correction of Errors. At Contractor's expense, Contractor shall promptly correct any errors or inaccuracies in the Client Data to the extent such errors or inaccuracies were caused by Contractor or its agents.

6.4 Confidentiality. Contractor will treat Client Data as confidential information that will be protected from unauthorized use and disclosure with at least the same degree of care, but no less than a reasonable degree of care that Contractor employs with respect to its own information of a similar nature. Contractor shall require that its employees, agents, and subcontractors comply with the confidentiality restrictions of this Master Agreement. Subject to the provisions of this Section 6, Contractor may disclose Client Data to its subcontractors and consultants as reasonably necessary for the performance of the Services, provided that such subcontractor or consultant has signed a reasonable nondisclosure agreement. In the event of unauthorized disclosure or loss of Client Data, Contractor shall immediately notify the affected Participating Entity in writing. The obligations in this Section 6 shall not restrict any disclosure pursuant to any applicable law or by order of any court or government agency (provided that Contractor give prompt notice to the Participating Entity of such order in such time as to permit the Participating Entity to participate in the response to any such order) and will not apply with respect to information that (1) is independently developed by Contractor without violating the Participating Entity's proprietary rights, (2) is or becomes publicly known (other than through unauthorized disclosure), (3) is disclosed by the owner of such information to a third party free of any obligation of confidentiality, (4) is already known by Contractor at the time of disclosure, as shown by the Contractor's written records, and Contractor has no obligation of confidentiality other than pursuant to this Master Agreement or any confidentiality agreements entered into before the effective date of the Master Agreement, (5) is rightfully received by the Contractor free of any obligation of confidentiality, or (6) with respect solely to a particular disclosure, such disclosure is approved in writing by the Participating Entity.

6.5 Breach of Security or Confidentiality. In the event Contractor discovers a breach or potential breach in security relating to Client Data or unauthorized possession, use or knowledge, or attempt thereof, of Client Data, Contractor shall immediately (1) notify the affected Participating Entity and furnish to the Participating Entity the details of the security breach or unauthorized possession, use or knowledge, or attempt thereof, of Client Data; (2) assist the Participating Entity in investigating, curing, or preventing the recurrence of any security breach or unauthorized possession, use or knowledge, or attempt thereof, of Client Data; (3) cooperate with the Participating Entity in any litigation and investigation against third parties deemed necessary by the Participating Entity to protect its rights; and (4) provide the affected Participating Entity with assurance satisfactory to that Participating Entity that such breach or potential breach will not recur.

6.6 Return of Client Data. From time to time and upon the Participating Entity's request, Contractor will return, in a form acceptable to the Participating Entity, or destroy Client Data.

7. STAFFING

7.1 Project Manager. Contractor shall appoint a project manager (the "Project Manager") who, from the Effective Date, shall serve as the primary Contractor representative and project manager under this Master Agreement. Any change in the Project Manager will be subject to the AOC's prior written approval (such decision not to be unreasonably withheld). Contractor shall notify the AOC of the proposed assignment, introduce the individual to appropriate AOC representatives and provide the AOC with a resume and other information

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about the individual reasonably requested. The Project Manager shall (1) have overall responsibility for managing and coordinating the performance of Contractor obligations under this Master Agreement and the Participating Agreements, including the performance of all Contractor agents, and (2) be authorized to act for and bind Contractor and Contractor agents in connection with all aspects of the Master Agreement and Participating Agreements. The Project Manager shall respond promptly and fully to all AOC inquiries during the term of this Master Agreement. The Project Manager responsibilities shall include: (1) providing administrative, supervisory, and technical direction to project staff; (2) monitoring performance hereunder for accuracy, timeliness, efficiency as required by the provisions of this Master Agreement and the Participating Agreements, (3) adhering to the terms and conditions of this Master Agreement and all Participating Agreements; and (4) coordinating the resolution of issues and the implementation and enforcement of problem escalation procedures.

7.2 Key Personnel. Contractor shall confer with each Participating Entity to determine the appropriate levels of staffing for the Services to be provided by Contractor to such Participating Entity. Where individual employees are assigned primarily or exclusively to provide Services to a Participating Entity, such Participating Entity will have the right to approve the identities and seniority levels of such employees. Contractor will identify in the each Participating Agreement the lead collectors and/or information technology personnel (the “Key Personnel”) assigned to that Participating Agreement. The Participating Entity has the right to interview and approve proposed Key Personnel prior to their assignment. Contractor shall not replace or reassign an Key Personnel for twelve (12) months from the date of assignment, unless the Participating Entity consents to reassignment or replacement, or such Key Personnel (1) voluntarily resigns or takes a leave of absence from Contractor, (2) is dismissed by Contractor for misconduct (i.e., fraud, drug abuse, theft) or fails to comply with Contractor’s conduct guidelines, (3) fails to perform his or her duties and responsibilities, (4) dies or is unable to work due to his or her disability, or (5) voluntarily requests reassignment for reasons of personal hardship (but specifically excluding career advancement and job satisfaction considerations). If Contractor needs to replace Key Personnel for any of the foregoing reasons, Contractor shall (1) notify the Participating Entities immediately, (2) provide resumes for proposed replacement Key Personnel within five (5) Business Days of occurrence of so notifying the Participating Entity, and (3) assume all costs and expenses associated with the transition of work to such replacement personnel, including any costs associated with familiarizing such replacement Key Personnel with the Services.

7.3 On-Site Staff. While providing on-site Services, Contractor shall, and shall cause its agents to: (1) comply with the requests, standard rules and regulations and policies and procedures of the Participating Entity regarding safety and health, security, personal and professional conduct (including the wearing of an identification badge and adhering to site regulations and general safety practices or procedures) generally applicable to such Participating Entity locations, and (2) otherwise conduct themselves in a businesslike manner. Contractor shall enter into an agreement binding all on-site staff to non-use and non-disclosure requirements at least as protective as those required of Contractor with respect to the Client’s Data in connection with Contractor provision of the Services (to the extent that such agreements do not already exist). The Participating Entity, at its expense, has the right to conduct a background check, as permitted by law, on all persons granted access to its premises or computer and information systems. Contractor shall reasonably cooperate with the Participating Entity in

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performing such background checks, and shall promptly notify the Participating Entity of any such person refusing to undergo such background checks, and shall reassign such person and any other person whose background check results are unacceptable to the Participating Entity to another area reasonably satisfactory to the Participating Entity. Contractor shall obtain, to the extent permissible under applicable law, all releases, waivers, or permissions required for the release of such information to the Participating Entity.

8. AUDITS

8.1 Services. Except with respect to records and supporting documentation subject to Section 8.2 below, upon reasonable prior notice from the AOC or a Participating Entity, Contractor shall provide, and shall cause its agents to provide, the AOC and the Participating Entity and any regulatory entity with reasonable access to records related to Contractor's performance of the Services and any reasonable assistance that they may require for the purpose of performing audits. In addition to the provisions of Section 8.3, if any audit by an auditor designated by the Participating Entity or a regulatory authority results in Contractor being notified that Contractor or its agents are not in compliance with this Master Agreement or a Participating Agreement, any applicable audit requirement or any applicable law, Contractor shall, and shall cause its agents to, promptly take actions to comply as directed by the AOC.

8.2 Records. Upon the AOC or a Participating Entity's request, the AOC or Participating Entity or its designated representative has the right to audit and copy any records and supporting documentation pertaining to performance under this Master Agreement or Participating Agreement (excluding any cost information or internal financial audit reports except to the extent necessary to confirm the accuracy of payments made). Contractor shall maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated by applicable law. Contractor shall allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor shall include a similar right of the Participating Entity to audit records and interview staff in any subcontract related to performance of this Master Agreement. Any audit will be conducted during normal business hours upon reasonable advance written notice.

8.3 Overcharges. If, as a result of an audit hereunder, a Participating Entity determines that Contractor has overcharged the Participating Entity, it will notify Contractor of the amount of any overcharge and Contractor shall promptly pay to the Participating Entity the amount of such overcharge, plus interest, calculated from the date of receipt by Contractor of such overcharged amount until the date of payment to the Participating Entity.

In the event any such audit reveals an overcharge to the Participating Entity of five percent (5%) or more in the aggregate of the fees paid by the Participating Entity during any one year period (net of any undercharges in such year), Contractor shall, at the Participating Entity's option, issue to the Participating Entity a credit against the fees, or reimburse the Participating Entity, in an amount equal to the cost of such audit.

8.4 Audit Results. Contractor shall make available promptly to the AOC and relevant Participating Entities the results of a review or audit conducted by Contractor, its agents, or their

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respective contractors, agents or representatives (including internal and external auditors), relating to Contractor's operating practices and procedures to the extent relevant to the Services or the Participating Entity.

9. TRANSITION SERVICES

9.1 Upon expiration or termination of a Master Agreement or Participation Agreement, Contractor shall provide to the Participating Entity proof of destruction of hard copy information of accounts transferred to Contractor for collection; all electronic account information must be deleted from Contractor's computer systems, including backup copies; however, Contractor shall retain that information necessary to verify accuracy of its invoices. In addition, Contractor shall send a letter to all accounts notifying them that Contractor will no longer be handling the account.

9.2 Contractor shall continue to forward all payments received by it to the appropriate Participating Entity. If Contractor forwards payment to the Participating Entity within 60 days of expiration or termination of the Master Agreement or Participation Agreement, the Participating Entity will pay Contractor the fee identified in the Exhibit B, Fee Schedule. If the Contractor forwards payment to the Participating Entity after 60 days of expiration or termination of the Master Agreement or Participation Agreement, the Contractor will no longer be due, nor will the Participating Entity pay a fee.

9.3 A Participating Entity may request Contractor to transfer accounts to a new Contractor in a format described by that Participating Entity. The Participating Entity has the right to withhold Contractor's last payment until accounts have been transferred in a format acceptable to the Participating Entity.

10. INDEMNITIES; LIMITATION OF LIABILITY

10.1 General Indemnity. Contractor shall indemnify, defend, and save harmless the AOC, the Participating Entities, and their respective officers, agents and employees from and against any and all losses, costs, including reasonable attorneys' fees, liabilities, damages, and deficiencies, including interest, penalties and settlement amounts entered into, in each case, with respect to any and all claims that arise out or are connected or related to the Services, Contractor's obligations under this Master Agreement, and a breach of Contractor's representation and warranties under this Master Agreement. The Participating Entity will notify Contractor in writing within thirty (30) days of the Participating Entity's first knowledge of such claim.

10.2 Intellectual Property Indemnity. Contractor shall indemnify, defend, and save harmless AOC, the Participating Entities, and their respective officers, agents and employees from and against any and all losses, costs, including reasonable attorneys' fees, liabilities, damages, and deficiencies, including interest, penalties and settlement amounts entered into, in each case, with respect to any and all third party claims which arise out of any actual or alleged infringement or misappropriation of any patent, trade secret, copyright or other proprietary rights by (including use of) the software, systems, or other subject matter provided by Contractor or Contractor's agents to the Participating Entities or Participating Entities' agents under this Master

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Agreement (collectively, the "Covered Items"). The Participating Entity will notify Contractor in writing within thirty (30) days of the Participating Entity's first knowledge of such claim.

If any Covered Items are held to, or the Participating Entity or Contractor believe they may, infringe any third party intellectual property rights, then Contractor shall at the Participating Entity's request: (1) obtain for the Participating Entities and their agents (including their respective subcontractors) the right to continue to use such Covered Items as provided in this Master Agreement; or (2) replace or modify such Covered Items so as to make them non-infringing, provided that the replacement materials or modified Covered Items provide functionality substantially the same as the unmodified Covered Items. Contractor shall have no liability for any claim of infringement under this Section 10 to the extent based on (i) the use of a superseded or altered release of any Covered Items by the Participating Entity if the infringement could have been avoided by the use of the current unaltered release of such Covered Items that Contractor provided to the Participating Entity and the Participating Entity had agreed in advance to install; (ii) the use of such Covered Items by the Participating Entity other than in accordance with their specifications as delivered in writing in advance to the Participating Entity by Contractor, (iii) use of information or materials not provided by Contractor with the Covered Items (unless such information or materials were approved by Contractor or the Covered Items were intended to be used with such information or materials), if the infringement could have been avoided by the use of the Covered Items alone; or (iv) Covered Items necessarily created to meet Participating Entity-designed specifications, without the use of the Contractor's judgment.

10.3 IN NO EVENT WILL EITHER THE AOC OR THE PARTICIPATING ENTITIES BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES WHETHER IN AN ACTION IN CONTRACT OR TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), INCLUDING WITHOUT LIMITATION LOST DATA, PROFITS, AND REVENUES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10.4 IN NO EVENT WILL EITHER THE AOC OR THE PARTICIPATING ENTITIES' AGGREGATE LIABILITY FOR DIRECT DAMAGES TO CONTRACTOR ARISING OUT OF OR RELATED TO THIS MASTER AGREEMENT FOR ANY CAUSE WHATSOEVER, AND REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), EXCEED THE AMOUNTS PAYABLE HEREUNDER IN THE TWELVE MONTHS PRIOR TO THE DATE THE CAUSE OF ACTION AROSE.

10.5 THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION REFLECT A DELIBERATE AND BARGAINED FOR ALLOCATION OF RISKS BETWEEN THE PARTIES AND ARE INTENDED TO BE INDEPENDENT OF ANY EXCLUSIVE REMEDIES AVAILABLE UNDER THIS MASTER AGREEMENT, INCLUDING ANY FAILURE OF SUCH REMEDIES TO ACHIEVE THEIR ESSENTIAL PURPOSE.

11. INSURANCE

11.1 General Insurance Requirements. Contractor shall obtain and maintain the minimum insurance set forth in this Section 11, below. By requiring such minimum insurance,

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neither the AOC nor the Participating Entities will be deemed or construed to have assessed the risks applicable to Contractor. Contractor will assess its own risks, and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. For full coverage, each insurance policy will be written on an "occurrence" form. Each insurer must be reputable and financially responsible insurance carriers, with a Best's minimum rating of "A+" (or any future equivalent").

11.2 Minimum Scope & Limits of Coverage. Contractor shall maintain the following minimum coverage:

- a. Workers' Compensation at statutory requirements of the state of residency;
- b. Employers' Liability with minimum limits of \$1,000,000.00 for each accident/each employee covering all employees;
- c. Commercial General Liability Insurance, including bodily injury and property damage coverage with minimum limits of \$1,000,000.00 per occurrence, \$2,000,000.00 aggregate where applicable;
- d. Business Automobile Liability Insurance with minimum limits of \$1,000,000.00 for each occurrence, including owned and non-owned and hired automobile coverage, as applicable;
- e. Commercial Crime Insurance with minimum fidelity limits of \$1,000,000.00 per claim, minimum forgery limits of \$1,000,000.00 per claim, and minimum theft limits of \$1,000,000.00 per claim; and
- f. Errors and Omissions Liability insurance appropriate to the Contractor's profession. Coverage shall be for a professional error, act or omission arising out of the Services with limits not less than \$1,000,000 each claim/\$2,000,000 aggregate.

11.3 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the AOC. The deductible and/or self-insured retentions will not limit or apply to Contractor's liability to either the AOC or a Participating Entity and will be the sole responsibility of Contractor.

11.4 Endorsements; Additional Insureds. All insurance that Contractor is required to carry under this Master Agreement shall

- a. with respect to commercial general liability and commercial criminal insurance, be endorsed to name the AOC and any Participating Entity as additional named insureds; and
- b. require the insurer to provide at last thirty (30) days prior written notice to the AOC and any Participating Entity of cancellation.

11.5 To the extent of Contractor's negligence or misconduct, Contractor's insurance coverage will be primary insurance with respect to the AOC, a Participating Entity, and their

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respective officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the AOC or a Participating Entity, and their respective officers, officials, employees or agents will not contribute with the insurance, or benefit Contractor in any way.

11.6 Contractor's insurance will apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

11.7 Contractor will provide the AOC (and on request, any Participating Entity) with certificates of insurance satisfactory to the AOC, evidencing all required coverage before Contractor performs any Services, and provide complete copies of each policy upon request. Contractor shall also furnish separate certificates of insurance for each subcontractor. Insurance coverage provided by subcontractors as evidence of compliance with the insurance requirements of this Section 11 shall be subject to all of the requirements stated herein except for professional errors and omissions liability insurance.

11.8 Waiver of Subrogation. Contractor and its insurance carrier waive any and all rights of subrogation against the AOC and the Participating Entities. This waiver will be reflected on the Certificate of Insurance provided by Contractor. If Contractor fails to obtain the appropriate waivers of subrogation, additional insured status, or certificates of insurance from carrier, Contractor will indemnify the AOC and the Participating Entities for all costs and liability caused by Contractor's breach.

12. DISPUTE RESOLUTION

The Parties shall attempt in good faith to resolve potential disputes informally and promptly. If a dispute persists, either Party may submit a written demand to the other Party at the earliest practicable time that the dispute is identified (the "Demand"). The Demand will: (i) be fully supported by detailed factual information; (ii) state the specific Master or Participating Agreement provisions on which the Demand is based; and (iii) if the Demand involves a cost adjustment, state the exact amount of the cost adjustment accompanied by all records supporting the Demand. The Demand shall include a written statement signed by an authorized person indicating that the Demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the adjustment for which the submitting Party believes the other Party is responsible. To assist the other Party in its review of the Demand, the submitting Party shall comply with reasonable requests for additional information. The receiving Party shall provide a written response to the submitting Party's Demand stating a decision as to whether the receiving Party accepts or rejects the Demand. Failure by the receiving Party to provide such a response shall be deemed a decision by the receiving Party constituting a rejection of the Demand.

13. MISCELLANEOUS

13.1 Entire Agreement. This Master Agreement and its Exhibit(s) contains the entire and complete understanding of the parties and supersedes any and all other previous agreements, oral or written.

13.2 Amendment. No addition to or alteration of the terms of this Master Agreement will be valid unless made in the form of a written amendment to this Master Agreement, which is

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formally approved and executed by the governing bodies of each of the parties of this Master Agreement.

13.3 Days. Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. If the final date for payment of any amount or performance of any act falls on a Saturday, Sunday or holiday, such payment shall be made or act performed on the next succeeding business day.

13.4 Headings. The Section headings are for reference and convenience only and shall not be considered in the interpretation of this Master Agreement.

13.5 Survival. Provisions that will survive any termination or expiration of this Master Agreement include, but are not limited to, those provisions relating to Indemnity, Limitation of Liability, Insurance, Representations and Warranties, and Audit Rights.

13.6 Further Assurances. Each Party agrees to cooperate with the other, and to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and to take all such other actions as may be reasonably requested of it from time to time, in order to effectuate the provisions and purposes of this Master Agreement.

13.7 Time of Performance. Time is of the essence in the performance of each of the provisions of this Master Agreement.

13.8 Assignment. The Master Agreement will not be assignable by either Party in whole or in part (whether by operation of law or otherwise) without the written consent of the other Party; provided that the AOC may, without the Contractor's consent, assign this Master Agreement or any of its rights or delegate any of its duties under this Master Agreement to any state or local government entity or agency in California. Any assignment made in contravention of the foregoing will be void and of no effect. Subject to the foregoing, this Master Agreement will be binding on the parties and their permitted successors and assigns.

13.9 Notices. Any notices required or permitted by this Master Agreement will be in writing and may (a) be personally delivered; (b) be mailed by depositing such notice in the United States mail, first class postage prepaid; or (c) be sent by reputable overnight delivery service; addressed as follows or to such other place as each Party may designate by subsequent written notice to the other Party:

If to the AOC: Judicial Council of California, Administrative Office of the Courts

455 Golden Gate Avenue
San Francisco, CA 94102-3688
Attn: Grant Walker, Senior Manager – Business Services

If to Contractor: Access Capital Services, Inc.
200 East Center Street
Visalia, CA 93291
Attn: Wendy J. Rivera

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Either Party may change its address for notification purposes by giving the other Party written notice of the new address in accordance with this Section 13. Notices will be considered to have been given at the time of actual delivery in person, three (3) Business Days after deposit in the mail as set forth above, or one (1) day after delivery to an overnight air courier service.

13.10 Waiver. Any waiver by either Party of a breach of any of the terms of this Master Agreement shall not be construed as a waiver of any succeeding breach of the same or other term of this Master Agreement.

13.11 Counsel and Drafting. Each Party, by its due execution of this Master Agreement, represents to the other Party that it has reviewed each term of this Master Agreement with their counsel, or has had the opportunity for such review with their counsel. No Party will deny the validity of this Master Agreement on the ground that such Party did not have the advice of counsel. Each Party has had the opportunity to participate in drafting and preparation of this Master Agreement. The provisions and terms of this Master Agreement will be interpreted in accordance with the plain meaning thereof, and will not be construed in favor or against either Party.

13.12 Counterparts. This Master Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.

13.13 Severability. In the event any provision of this Master Agreement is held by a court of competent jurisdiction or arbitration to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

13.14 Governing Law. The Master Agreement and performance under it will be exclusively governed by the laws of the State of California without regard to its conflict of law provisions and Contractor hereby irrevocably submits to the exclusive jurisdiction of the state and federal district courts located in San Francisco, California in any legal action concerning or relating to this Master Agreement.

13.15 Independent Contractor. Contractor shall perform this Master Agreement as an independent Contractor, exercising due care and providing the Services with such skill that is customary for providers of such Services. Contractor and the officers, agents and employees of Contractor are not, and will not be deemed, employees of the AOC or any Participating Entity for any purpose, including workers' compensation, and will not be entitled to any of the benefits accorded to employees of the AOC or any Participating Entity. Contractor shall determine, at its own risk and expense, the method and manner by which the duties imposed on Contractor in general by this Master Agreement will be performed; provided, however, that the AOC or a Participating Entity may monitor the work performed. Neither AOC nor any Participating Entity will deduct or withhold any amounts whatsoever from the reimbursement paid to Contractor, including, but not limited to amounts required to be withheld for state and federal taxes or employee benefits. Contractor alone shall be responsible for all such payments.

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13.16 Order of Precedence. In the event of a conflict between this Master Agreement and the terms of any of the Exhibits, the terms of the Master Agreement will prevail.

13.17 Consents and Approvals. All consents and approvals to be given by either Party under this Master Agreement will not be unreasonably withheld or delayed, and such consents and approvals will not be construed as relieving a Party of its obligations or as a waiver of its rights under this Master Agreement.

13.18 Survival. Termination of this Master Agreement does not affect the rights and/or obligations of the Parties that arose prior to any such termination (unless otherwise provided herein) and such rights and/or obligations shall survive any such expiration or termination. Terms which survive any termination or expiration of this Master Agreement include, but are not limited to, data security and confidentiality indemnity, warranties, infringement indemnity, audit rights, and assignment.

13.19 Publicity. Unless otherwise exempted, news releases and other public disclosures pertaining to this Master Agreement will not be made without prior written approval of the AOC's Business Services Manager.

13.20 Third Party Beneficiaries. Except as otherwise provided by this Master Agreement with respect to the Participating Entities and their agents, each Party intends that this Master Agreement shall not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Parties.

IN WITNESS WHEREOF, the parties have executed this Master Agreement as of the Effective Date.

| AOC'S SIGNATURE | CONTRACTOR'S SIGNATURE |
|--|--|
| Judicial Council of California, Administrative Office of the Courts | Access Capital Services, Inc. (if Contractor is not an individual person, state whether Contractor is a corporation, partnership, etc.) <i>Corporation</i> |
| BY (Authorized Signature)  | BY (Authorized Signature)  |
| PRINTED NAME AND TITLE OF PERSON SIGNING Grant Walker, Senior Manager, Business Services | PRINTED NAME AND TITLE OF PERSON SIGNING <i>Wendy J. Rivera VP of Operations</i> |
| ADDRESS 455 Golden Gate Avenue San Francisco, CA 94102 | ADDRESS Attn: Wendy J. Rivera 200 East Center Street Visalia, CA 93291 |

EXHIBIT A
STATEMENT OF WORK

1. Statement Of Work

1.1 Required Account Services

Any Proposer selected by the AOC ("Contractor") will be required to provide comprehensive collection services for Accounts due and payable from members of the public to a Participating Entity, including but not limited to the following:

- (a) Fees, fines, forfeitures, penalties, and assessments arising from infractions, misdemeanor, felony, and traffic proceedings or actions;
- (b) criminal justice related fees, reimbursements, and other legally enforceable debts;
- (c) civil, family law, and juvenile law fees, including filing fees;
- (d) probation, guardianship, conservatorships, and public defender fees;
- (e) sanctions imposed by the California Superior Courts, the California Courts of Appeal, and the California Supreme Court;
- (f) direct restitution to victim ordered pursuant to California Penal Code section 1202.4 (a) 1;
- (g) victim restitution fund fines ordered pursuant to California Penal Code section 1202.4 (b) 1;
- (h) reimbursements owed or as ordered by a court pursuant to California Family Code section 3150 et seq.;
- (i) reimbursement owed to the California Supreme Court for overcharges for representation of indigent defendants in death penalty cases;
- (j) fees, penalties, fines, or reimbursements owed to the California State Bar pursuant to California Rule of Court, rule 9.10(g), and California Business and Professions Code sections 6086.10(a) and 6140.5(a); and
- (k) any other legally enforceable debt owed to a Participating Entity or that a Participating Entity has a right to collect.

1.1.2 Contractor will, in the collection of Accounts:

- (a) employ skip tracing and other standard collection techniques to locate debtors, including the capability to: (1) communicate in Spanish, both orally and in written form; and (2) pursue debtors residing within the boundaries of the United States, including military bases and tribal lands;
- (b) report outstanding receivables on behalf of the Participating Entity to a nationally available credit history reporting database (credit bureau) approved by the Participating Entity; there shall be no additional fee for this service;

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- (c) transfer funds electronically, and be able to receive Accounts on a daily basis, Monday through Friday, except days which are not business days for the relevant Participating Entity, as well as provide extended hours of operation;
- (d) monitor bankruptcy cases nationwide;
- (e) if requested by a Participating Entity, provide staff, including bilingual individuals, and necessary equipment, at public counter areas to assist the public (e.g. accept payments, answer questions, set-up payment arrangements, etc.) during all hours the Participating Entity is open to the public;
- (f) provide various and multiple reports in an electronic or hardcopy format on a daily, weekly, and/or monthly basis, as requested by the Participating Entity;
- (g) comply with the reporting requirements set forth in Penal Code Section 1463.010, and as required by the Judicial Council, and any future reporting requirements resulting from legislation or changes in law;
- (h) adjust the receivable record within two (2) business days of any information transferred by the Participating Entity;
- (i) remit the entire gross amount of all receivables collected to the Participating Entity preferably in electronic format on a daily, weekly or monthly basis at the discretion of the Participating Entity, together with supporting documentation;
- (j) ensure that all data it receives from, processes, or transmits to any Participating Entity is not stored, accessed from, or transmitted outside the United States;
- (k) Contractor will be responsible for all start-up and on-going operational costs, including all cost associated with the transfer of paper records to electronic data;
- (l) Contractor will provide computer terminals or dial-up or internet access for access to its system, and all necessary phones and related equipment, at its own cost and expense, including phone charges and supplies, and will provide all additional equipment necessary for the conduct of its business except that equipment specifically provided by the Participating Entity;
- (m) Contractor will provide fully functional on-line inquiry capability into its collection system to designated Participating Entity staff at any requested Participating Entity's location; and
- (n) Contractor will provide a Pre-Intercept notice to defendants whose accounts are scheduled to be submitted to the Franchise Tax Board Interagency Intercept program.

1.2 On-site Personnel (At Option of Participating Entity)

- (a) At a Participating Entity's option, Contractor shall provide on-site staff at public counter areas to assist the public (e.g. accept payments, answer questions, set-up payment arrangements, etc.) during all hours the Participating Entity is open to the

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public, including night hours. The night hours for each Participating Entity will be specified in the Participating Agreement.

(b) Contractor shall provide sufficient on-site staff to ensure the waiting time for assistance averages no more than ten (10) minutes. If the Participating Entity determines that the waiting time is too lengthy, the Contractor shall provide additional staff and other resources necessary to bring the waiting time to a level acceptable by the Participating Entity.

(c) At a Participating Entity's option, Contractor shall provide sufficient bilingual staff (Spanish speaking) to meet the waiting time requirement at each location during all hours the Participating Entity is open to the public, including night hours.

(d) Contractor shall have sufficient trained staff available locally to cover unexpected absences and staff emergencies.

(e) Contractor shall provide staff and equipment to Participating Entities as specified in the Participating Agreement, at the rates set forth in the Master Agreement or as otherwise provided in the Participating Agreement.

1.3 FTB Transfer Services (At Option of Participating Entity)

A Participating Entity may request Contractor to transfer any or all accounts, including accounts transferred to Contractor for collection, to the FTB for further collection efforts in a format described by that Participating Entity. Upon such a referral to the FTB, Contractor will cease all collection work on the account, but will remain responsible for canceling and adjusting all accounts, as appropriate, and answering inquiries related to the FTP from debtors. If a Participating Entity selects these optional services, the Contractor will be responsible for all programming costs associated with the identification, transfer, and separate reporting of accounts referred to the FTB.

1.4 Account Recall

A Participating Entity may recall an Account transferred for collection without a charge or penalty imposed, if during the past six (6) months no payments have been received, no new payment has been agreed to by the debtor, and no adjustments have been made by the Court. Recall of other Accounts will be on the terms and conditions agreed by the parties in a Participating Agreement. Each Participating Entity shall prescribe the criteria and procedures for returning uncollected Accounts.

1.5 Reporting Requirements

(a) Contractor shall comply with the then-current reporting requirements set forth in Penal Code Section 1463.010, any other applicable state law or regulation, and as specified by the Judicial Council/AOC.

(b) Unless otherwise set forth by a Participating Entity in its Participating Agreement, Contractor will provide the reports described in this Section 1.5 to each Participating Entity, in the form attached hereto as Appendix A-1, and will agree

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to provide any additional reports required by the Participating Entity. At the Participating Entity's option, the reports may be electronically transferred or provided in hardcopy format.

(c) For Participating Entities that are courts, separate reports must be provided for each location with division reports for account reconciliation and court-wide summaries for court-wide analysis and strategic planning.

(d) Unless otherwise indicated, all information must be reported by category with subtotals per category and a grand total. Whenever debtors' names are displayed, they will be displayed last name first.

(e) The Contractor will provide sample reports to the Participating Entity for approval prior to implementation and as changes are made during the term of the Participating Agreement.

1.5.1 Account Payment History

Contractor shall supply an account payment history for each Account on the Participating Entity's request. An account payment history shall include the following:

- (a) Debtor's name and case number.
- (b) The amount of bail and/or fine referred, the amount applied to the bail and/or fine and any balance remaining.
- (c) The amount of civil assessment added (separate from the bail and/or fine), the amount applied to the civil assessment and any balance remaining.
- (d) A chronological list of payments.

1.5.2 Acknowledgment Report

Upon request, Contractor will provide a complete list to the respective Participating Entity of all Accounts by account category each time a Participating Entity refers Accounts to it. The report will be provided within two business days following the date the Contractor can access the referrals, and will list as applicable: 1) debtor's name; 2) case number; 3) appearance date or fine due date; 4) amount of bail, fine, or debt referred; 5) total item count; and 6) total bail, fine, or debt amount referred.

1.5.3 Daily Payment Transmittal Report

Upon request, Contractor will provide each Participating Entity a daily payment information report, on the next business day, reflecting the prior day's payments. The daily payment transmittal report will include a listing of every account upon which a payment has been made, and for each such account, where applicable: 1) debtor's name; 2) case number; 3) balance owed; 4) previous amount paid; 5) amount of current payment; 6) total paid; and 7) balance due. The daily payment transmittal report will also indicate how the current payment was distributed; e.g., amount applied to bail and/or fine, amount applied to civil assessment. The last line will be the total of all amounts in each column. The daily payment transmittal report

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will be sorted first by account category, then alphabetically, beginning with the debtor's last name.

1.5.4 Daily Adjustment Report

Upon request, on the business day following the processing of any adjustment on any Account, Contractor will provide the relevant Participating Entity with a daily report of each Account where an adjustment has been made to any previously applied payment or amount referred or owed. In addition, the report will summarize each day's adjustment reasons by category of "Cash" or "Non-Cash". Examples of adjustment reasons in each category are listed below (a Participating Entity may add other adjustment reasons or categories in the future).

(a) Cash-related Adjustment Reasons include:

- Returned Check
- Misapplied Payment
- Overpayment

(b) Non-Cash-related Adjustment reasons include:

- Referred in Error by the Participating Entity
- Incorrect Amount Referred
- Payment collected by the Participating Entity
- Reduced by lawful court order
- Increased by lawful court order
- Assigned to Public Work Service

The daily adjustment report will include the following information, as applicable: 1) Debtor's name (sorted by last name); 2) case number; 3) adjustment reason code (2 or 3 characters); 4) original bail, fine, or debt amount referred or owed; 5) new bail, fine, or debt amount owed; 6) type of change (increase or decrease); 7) original civil assessment owed; and 8) the new civil assessment owed. The report will contain an adjustment reason code legend.

1.5.5 Summary of Account Activity Report

Within five (5) business days after the end of each calendar month, Contractor will provide each Participating Entity a summary of Account activity for that month. The report will display all information by group with subtotals for each group and a grand total.

1.5.6 Agency Activity Report

Within five (5) business days after the end of each calendar month, Contractor will provide each Participating Entity a summary of the activity performed by Contractor on the Participating Entity's Accounts. The information contained on the report may be used to measure performance goals and compliance with any performance standards established by the Participating Entity or as approved by the Judicial Council.

1.5.7 Collection Analysis Report

Within five (5) business days after the end of each calendar month, Contractor will provide a summary of collections for the month and include referrals in numbers and dollar value, gross collections in dollars and percentages matched against the month the account was placed, non-cash adjustments and commission expense in dollars and percents, and Accounts remaining.

1.5.8 Account Status Report

Within five (5) business days of the end of each calendar month, Contractor will provide each Participating Entity a complete listing of all such Participating Entity's Accounts, by location, currently held by the Contractor. The report shall be on disc or other electronic media that does not require the Contractor or the Participating Entity to produce a hard copy report. The account status report will include, as applicable, 1) the debtor's name; 2) case number; 3) referral; 4) beginning balance; 5) total payments and adjustments; and 6) the current balance. The account status report will be sorted alphabetically by debtor's last name.

1.5.9 Other Reports to the AOC

Contractor shall notify the AOC within ten (10) business days of entering into an agreement with a California Superior Court for collections services under this Master Agreement. The Contractor shall provide copies of the executed Participating Agreement or at minimum the contract execution date and commission rate(s).

On an annual basis, the superior courts of the State of California and the counties of the State of California are required to complete and submit to the AOC a *Collections Reporting Template* with aggregate referred and collected amount for all court/county collections programs to which Contractor is providing collections services under the Statewide Master Agreement. At no additional costs to the courts and counties, Contractor shall provide the required data to the courts and counties. The current data that needs to be provided is included in Appendix A-2 - Collections Reporting Data.

Contractor shall notify the AOC within ten (10) business days of any leadership position changes within the organization that occurs after the execution of the Master Agreement.

Contractor shall notify the AOC within thirty (30) business days of lawsuits not disclosed in the proposal that occur after the execution of the Master Agreement.

1.6 Contractor Computer Systems

(a) Contractor's computer system will be capable of interfacing, and will interface its computer system, with the Participating Entity's existing criminal, traffic, minor offense and/or Participating Entity's accounting systems.

(b) Contractor's computer system must also be capable of interfacing, and will interface its computer system, with each Participating Entity's planned

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replacement for its case management or accounting systems. As such, it must, at a minimum, be capable of processing a standard formatted file with the following information:

- (i) *Case number*
- (ii) *Debtor name, address, phone number & demographics*
- (iii) *Account type and status*
- (iv) *Case balance*
- (v) *Next payment*

1.7 Transition Services

A Participating Entity may request Contractor to transfer accounts to a new Contractor in a format described by that Participating Entity. The Participating Entity shall have the right to withhold Contractor's last payment until accounts have been transferred in a format acceptable to the Participating Entity. Upon expiration or termination of a Master Agreement or Participating Agreement, Contractor will:

- (a) destroy all hard copy account information of the affected Participating Entity that would not be retained to verify accuracy of Contractor's invoicing;
- (b) delete all electronic account information from its computer systems, including backup copies that would not be retained to verify accuracy of Contractor's invoicing;
- (c) send a letter to all Accounts notifying them that Contractor will no longer be handling the Account;
- (d) Contractor will continue to forward all payments sent to it by any Account to the Participating Entity. If payment is forwarded to the Participating Entity within 60 calendar days of expiration or termination of the Master Agreement or Participation Agreement, the Participating Entity will pay Contractor the fee identified in the Master Agreement. If the Contractor forwards payment to the Participating Entity after 60 calendar days of expiration or termination of the Master Agreement or Participation Agreement, the Contractor will no longer be due, nor will the Participating Entity pay, a fee.

1.8 Procurement Process – Use of Master Agreement

After award of a Master Agreement(s), Contractor will issue Participating Agreements to each Participating Entity requesting collection services. Contractor will negotiate individual Participating Agreements that will reference this Master Agreement and incorporate the terms and conditions of this Master Agreement unless the parties agree otherwise by specific reference to provisions of this Master Agreement. The Participating Agreement will take precedence over the terms and conditions of any contract or terms and conditions included on an invoice or like document.

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1.9 Historical Data

| | Non-Forthwith Gross Revenue | Number of Outstanding Cases | Outstanding Court Ordered Debt (Accounts Receivable) (1) | Reporting Programs (2) |
|----------------------------|--------------------------------|--------------------------------|--|------------------------------|
| Fiscal Year 2004-05 | \$933,976,593 | 7,869,438 | \$4,293,480,383 | 49 |
| Fiscal Year 2005-06 | \$814,219,210 | 7,088,343 | \$4,638,087,649 | 48 |
| Fiscal Year 2006-07 | \$811,038,314 | 7,625,613 | \$4,831,775,501 | 48 |
| Age: 0-7 yrs. * | | | \$4,309,037,809 | |
| Age: 7 yrs. or more | | | \$522,737,692 | |

Notes:

All numbers provided are estimates and are based solely on data reported by the court and/or county on the *Court/County Collections Program Report*.

(1) FY2006-07 accounts receivables includes payments related to court ordered fines, fees, penalties, and assessments whether or not delinquent. Includes delinquent payments (whether or not on installment plans) and non-delinquent installment payments. Does not include forthwith payments or victim restitution paid directly to victim.

(2) There are 58 courts/counties in California.

*Case age was not tracked in FY2004-05 and 2005-06.

1.10 Pricing Structure

1.10.1 Contractor will accept all Accounts referred by a Participating Entity on a contingency fee basis, understanding that compensation will be paid only from those monies collected by the Contractor and allocated as noted below.

1.10.2 Except for services described in Section 1.3, for which Contractor will propose a separate fee structure, Contractor's sole payment for all of the services set out in this Exhibit A, including any required equipment, staff, or work necessary to enable Contractor to perform or a Participating Entity to receive the services, will be the percentage commission set out in Exhibit B, Fee Schedule.

1.10.3 For victim restitution fund fines, Contractor's fee will be limited to the 10% administration fee allowed by statute and if authorized by a resolution by a county Board of Supervisors. Contractor will not be entitled to invoice a Participating Entity for this fee until the victim's restitution has been paid in full.

1.10.4 For the optional services described in Section 1.3, Contractor will invoice the Participating Entity, and will be compensated for collections performed by and received from FTB, at the rate identified in Appendix A-Pricing Proposal, which will be calculated on the amount received from the FTB net of FTB's commission.

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1.10.5 Contractor understands that the California Department of Motor Vehicles (DMV), and the California Franchise Tax Board (FTB) under its Tax Intercept Program, will sometimes collect the money due on an Account that has been referred to the Contractor. The DMV and FTB will transmit these monies directly to the Court or County. Absent a specific agreement with the Participating Entity, Contractor shall receive no compensation from those accounts where monies are collected by the DMV or the FTB; i.e., no fee will be paid to Contractor if the debt is paid through the DMV or collected by the FTB.

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Daily Payment Transmittal Report – [Category] - Date XXXXXX

| Payment ID | | Payment Application | | | | | Payment Distribution | | | |
|---------------------------|--------|---------------------|----------------------|------------------|------------------|--------------------|----------------------|-------------------|------------|----------------|
| NAME Last, First MI | Case # | Bail/Fine Amount | Assessment Amount | Comm. Expense | Payment Total | Amount Referred | Previous Amt Paid | Payment Amount | Total Paid | Balance Due |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

Daily Adjustment Report (Date)

| NAME Last, First MI | Case # | Adj. Code | Original Bail or Fine Amount | New Bail or Fine Amount | Change (+/-) | Original Civil Assessment Amount | New Civil Assessment Amount | Change (+/-) | Net Change (+/-) |
|------------------------|--------|--------------|------------------------------------|-------------------------------|-----------------|--|-----------------------------------|--------------|------------------------|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | Total | Total | Calc | Total | Total | Calc | |

Summary of Account Activity
For the Period of _____

| Account Category: Group ID | No. of Accounts | Bail or Fine | Assessment | TOTAL |
|----------------------------|-----------------|--------------|------------|-------|
| Beginning Balance (+) | | | | |

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| | | | | |
|--|--|--|--|--|
| Accounts Transferred to Contractor (+) | | | | |
| Accounts Paid in Full (-) | | | | |
| Accounts satisfied by Adjustments (-) | | | | |
| Accounts returned as uncollectable (-) | | | | |
| Ending Balance | | | | |
| Accounts with Partial Payments | | | | |
| Accounts with Partial Adjustments | | | | |
| SUBTOTAL | | | | |
| Repeat for Each Category | | | | |
| TOTAL | | | | |

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Appendix A-2
Collections Reporting Data

| FINES, FEES, FORFEITURES, PENALTIES AND ASSESSMENTS | | | | | | | |
|---|----------------------------|---|--|----------------|---|---|-------------|
| | | Number of Cases Established/ Referred in Period | Value of Cases Established/ Referred in Period | Debt Transfers | Gross Revenue Collected During the Period | Cost of Collections (pursuant to Penal Code 1463.007) | Adjustments |
| Row | Program | Col. B | Col. C | Col. D | Col. E | Col. F | Col. G |
| 3 | Non-Delinquent Collections | | | | | | |
| 4 | Court Collection Program | | | | | | |
| 5 | County Collection Program | | | | | | |
| 6 | Private Agency | | | | | | |
| 7 | FTB Court-Ordered Debt | | | | | | |
| 8 | Contract/Hard to Collect | | | | | | |
| 9 | Other | | | | | | |
| 10 | Total | | | | | | |

| FINES, FEES, FORFEITURES, PENALTIES AND ASSESSMENTS: BEGINNING AND ENDING BALANCES | | | | | | | |
|--|---------------------------|---|--|---------------------------------|-------------------------------------|------------------------------------|----------------|
| | | Number of Cases - Beginning Balance | Value of Cases - Beginning Balance | Change in Value (from above) | Number of Cases - Ending Balance | Value of Cases - Ending Balance | Error Messages |
| Row | Program | Col. H | Col. I | Col. J | Col. K | Col. L | Col. M |
| 24 | Court Collection Program | | | | | | |
| 25 | County Collection Program | | | | | | |
| 26 | Private Agency | | | | | | |
| 27 | FTB Court-Ordered Debt | | | | | | |
| 28 | Contract/Hard to Collect | | | | | | |
| 29 | Other | | | | | | |
| 30 | Total | | | | | | |

| VICTIM RESTITUTION AND OTHER JUSTICE RELATED REIMBURSEMENTS | | | | | | | |
|---|----------------------------|---|--|----------------|---|-------------|-----------------|
| | | Number of Cases Established/ Referred in Period | Value of Cases Established/ Referred in Period | Debt Transfers | Gross Revenue Collected During the Period | Adjustments | Change in Value |
| Row | Program | Col. N | Col. O | Col. P | Col. Q | Col. R | Col. S |
| 38 | Non-Delinquent Collections | | | | | | |
| 39 | Court Collection Program | | | | | | |
| 40 | County Collection Program | | | | | | |
| 41 | Private Agency | | | | | | |
| 42 | FTB Court-Ordered Debt | | | | | | |
| 43 | Contract/Hard to Collect | | | | | | |
| 44 | Other | | | | | | |
| 45 | Total | | | | | | |

| VICTIM RESTITUTION AND OTHER JUSTICE RELATED REIMBURSEMENTS: BEGINNING AND ENDING BALANCES | | | | | | | |
|--|---------------------------|---|--|-------------------------------------|------------------------------------|----------------------------------|----------------|
| | | Number of Cases - Beginning Balance | Value of Cases - Beginning Balance | Number of Cases - Ending Balance | Value of Cases - Ending Balance | Description of Items Included | Error Messages |
| Row | Program | Col. T | Col. U | Col. V | Col. W | Col. X | Col. Y |
| 50 | Court Collection Program | | | | | | |
| 51 | County Collection Program | | | | | | |
| 52 | Private Agency | | | | | | |
| 53 | FTB Court-Ordered Debt | | | | | | |
| 54 | Contract/Hard to Collect | | | | | | |
| 55 | Other | | | | | | |
| 56 | Total | | | | | | |

| COLLECTIONS METRICS FOR FINES, FEES, FORFEITURES, PENALTIES AND ASSESSMENTS | | | | |
|---|---------------------|------------------------|--|--|
| | Metric | Current Performance | Formula | Definition |
| Row | Col. Z | Col. AA | Col. AB | Col. AC |
| 58 | Gross Recovery Rate | | $(\text{Collections} + \text{Adjustments}) / \text{Referrals}$ | Measures a collection program's ability to resolve delinquent court-ordered debt, including alternative sentences, community service, and suspended sentences. |
| 59 | Success Rate | | $\text{Collections} / (\text{Referrals} - \text{Adjustments})$ | Measures the amount of revenue collected on delinquent court-ordered debt based on total delinquent accounts referred after adjustments, including NSF checks. |

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**EXHIBIT B
FEE SCHEDULE**

Newly Delinquent = Accounts not fully paid 30 days past its stated due date, or on which an installment payment has not been paid 30 days past its stated due date.

Up to 1 year (2 years, etc.) = Accounts that remain with an outstanding balance 360 days (or 720, etc.) following the determination of delinquency.

| Commission Fees: Fees, fines, forfeitures, penalties, and assessments arising from infractions, misdemeanor, felony, and traffic proceedings or actions (see Section 1.1(a) of Exhibit A) | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 15.75% | 17.00% | 18.00% | 20.00% | 20.00% | 21.00% | 21.00% |
| <u>Manual Transfer</u> | | | | | | |
| 17.75% | 19.00% | 19.00% | 21.00% | 21.00% | 21.00% | 21.00% |

| Commission Fees: Criminal justice related fees, reimbursements, and other legally enforceable debts (see Section 1.1(b) of Exhibit A) | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 15.75% | 17.00% | 18.00% | 20.00% | 20.00% | 21.00% | 21.00% |
| <u>Manual Transfer</u> | | | | | | |
| 17.75% | 19.00% | 19.00% | 21.00% | 21.00% | 21.00% | 21.00% |

| Commission Fees: Civil, family law, and juvenile law fees, including filing fees (see Section 1.1(c) of Exhibit A) | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 17.00% | 18.50% | 19.50% | 21.50% | 22.00% | 23.00% | 23.00% |
| <u>Manual Transfer</u> | | | | | | |
| 19.00% | 20.50% | 21.50% | 23.00% | 23.00% | 23.00% | 23.00% |

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| Commission Fees: Probation, guardianship, conservatorships, and public defender fees (see Section 1.1(d) of Exhibit A) | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 17.00% | 18.50% | 19.50% | 21.50% | 22.00% | 23.00% | 23.00% |
| <u>Manual Transfer</u> | | | | | | |
| 19.00% | 20.50% | 21.50% | 23.00% | 23.00% | 23.00% | 23.00% |

| Commission Fees: Sanctions imposed by the California Superior Courts, the California Courts of Appeal, and the California Supreme Court (see Section 1.1(e) of Exhibit A) | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 15.75% | 17.00% | 18.00% | 20.00% | 20.00% | 21.00% | 21.00% |
| <u>Manual Transfer</u> | | | | | | |
| 17.75% | 19.00% | 19.00% | 21.00% | 21.00% | 21.00% | 21.00% |

| Commission Fees: Direct restitution to victim ordered pursuant to California Penal Code section 1202.4 (a) 1 (see Section 1.1(f) of Exhibit A) | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| <u>Manual Transfer</u> | | | | | | |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |

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| Commission Fees: Victim restitution fund fines ordered pursuant to California Penal Code section 1202.4 (b) 1 (see Section 1.1(g) of Exhibit A) | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| <u>Manual Transfer</u> | | | | | | |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |

| Commission Fees: Reimbursements owed or as ordered by a court pursuant to California Family Code section 3150 et seq. (see Section 1.1(h) of Exhibit A) | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 17.00% | 18.50% | 19.50% | 21.50% | 22.00% | 23.00% | 23.00% |
| <u>Manual Transfer</u> | | | | | | |
| 19.00% | 20.50% | 21.50% | 23.00% | 23.00% | 23.00% | 23.00% |

| Commission Fees: Reimbursement owed to the California Supreme Court for overcharges for representation of indigent defendants in death penalty cases (see Section 1.1(i) of Exhibit A) | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 15.75% | 17.00% | 18.00% | 20.00% | 20.00% | 21.00% | 21.00% |
| <u>Manual Transfer</u> | | | | | | |
| 17.75% | 19.00% | 19.00% | 21.00% | 21.00% | 21.00% | 21.00% |

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| | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Commission Fees: Fees, penalties, fines, or reimbursements owed to the California State Bar pursuant to California Rule of Court, rule 9.10(g), and California Business and Professions Code sections 6086.10(a) and 6140.5(a) (see Section 1.1(j) of Exhibit A) | | | | | | |
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 15.75% | 17.00% | 18.00% | 20.00% | 20.00% | 21.00% | 21.00% |
| <u>Manual Transfer</u> | | | | | | |
| 17.75% | 19.00% | 19.00% | 21.00% | 21.00% | 21.00% | 21.00% |

| | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Commission Fees: Any other legally enforceable debt owed to a Participating Entity or that a Participating Entity has a right to collect (see Section 1.1(k) of Exhibit A) | | | | | | |
| Newly Delinquent | Up to 1 year old | 1 to 2 years old | 2 to 3 years old | 3 to 4 years old | 4 to 5 years old | Over 5 years old |
| <u>Electronic Transfer</u> | | | | | | |
| 17.00% | 18.50% | 19.50% | 21.50% | 22.00% | 23.00% | 23.00% |
| <u>Manual Transfer</u> | | | | | | |
| 19.00% | 20.50% | 21.50% | 23.00% | 23.00% | 23.00% | 23.00% |

Victim Restitution – Commission Fee set at 10% (see Section 1.11.3 of Exhibit A). Note: Collection of this debt is not at the option of the Contractor

Fee, if any, for On-Site Services as described in Section 1.2, On-Site Personnel, of Exhibit A

\$12.00 per hour, each Clerk required

\$16.00 per hour, each On-Site Supervisor required.

These rates are negotiable for 'high volume' clients, and/or based on services to be performed, etc.

Fee for FTB transfer services as described in Section 1.3, FTB Transfer Services, of Exhibit A

We agree to submit accounts, **FREE OF CHARGE**, to the FTB on behalf of our Courts/Counties utilizing our services for their other debt assignments as well.

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EXHIBIT C
FORM OF PARTICIPATING AGREEMENT

SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____ AND

THIS PARTICIPATING AGREEMENT ("Agreement"), is made and entered into as of this ____ day of ____, 200_, by and between the SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____, an entity organized under Article VI of the California Constitution, [address] ("Court"), and Access Capital Services, Inc., with offices at 200 East Center Street, Visalia, California 93291 ("Contractor").

WHEREAS, Contractor and the Judicial Council of California, Administrative Office of the Courts, on behalf of the superior courts and counties of the State of California, are parties to that Master Agreement No. MA-200901 ("Master Agreement") for collections services dated _____;

WHEREAS, the Master Agreement sets forth the terms and conditions upon which Contractor will provide collections services to the superior courts, counties, and certain other designated entities in the State of California, should any such party desire to engage Contractor for such services;

WHEREAS, Court pursues initial collection efforts on all accounts it establishes for unpaid fees, fines, forfeitures, penalties and assessments arising from criminal and traffic actions or proceedings;

WHEREAS, Court desires to engage Contractor to perform collection services ("Services") in accordance with the Master Agreement on selected accounts established by the Court and not fully paid 30 or more days from the date of their assessment or imposition, or on which an installment payment is not fully paid within 30 days of the date such payment was due under an installment payment plan ("Accounts").

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

- 1. Participation of Court/Employment of Contractor.** Court engages Contractor to perform additional collection services on Accounts transferred to Contractor by Court according to **Schedule A** hereto, and Contractor will provide such services to Court, on the same terms and conditions and as if such services were provided by Contractor under the Master Agreement, except where specifically stated herein. Terms defined in the Master Agreement will have the same meaning when used herein.
- 2. Scope of Services.** Accounts transferred to Contractor for collection services under this Agreement will qualify for Services.

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- a. Collection Services. Contractor will perform collections activities on the Accounts transferred to it as set forth in Exhibit A, Statement of Work, of the Master Agreement.
- b. Court Ordered Debt Program. Contractor will refer Accounts it receives to the FTB Court Ordered Debt (“COD”) Program, liaise with FTB regarding such Accounts, and administer such Accounts under the terms and conditions set forth in Exhibit A, Statement of Work, of the Master Agreement.
- c. Contractor will refer to the FTB COD Program Accounts that meet the criteria set forth in Revenue and Taxation Code Section 19280, and all of the following criteria:
 - i. The remaining balance owed on the case is [\$100] or more;
 - ii. Court records regarding the Account indicate that, during the past [six (6)] months, no payments have been received, no new payment plan has been agreed to by the defendant, and no adjustments have been made by the Court on the Account; or
 - iii. the Account has been rejected by the FTB COD Program for any reason, or returned to the Court as uncollectible.
- d. Tax Intercept Program. In addition to other Services provided hereunder, Contractor shall prepare an electronic file transfer for those accounts forwarded from Court that are eligible for the FTB Tax Intercept Program. Court will forward eligible Accounts to the FTB, liaise with FTB regarding such Accounts, and perform the equivalent administrative functions regarding such Accounts as that set forth in Exhibit A, Statement of Work, of the Master Agreement. Court staff will integrate the file with Court records also being sent. Court staff will assist with written instructions and procedures as necessary, which Contractor will follow.

Contractor will forward to Court by the 5th day of each calendar month during the term of this Agreement via electronic transfer or remittance check representing the total amount of funds received by Contractor on Accounts during such period, with accompanying statements.

3. **Contacts.** Each of the Court and the Contractor will appoint a Project Manager, who will be authorized to make day-to-day decisions related to the implementation of this Agreement that do not substantially limit rights or expand the responsibilities of the Court or the Contractor, subject to paragraph 12 below. The respective Project Managers and their contact information is as follows:

| <u>Court Project Manager</u> | <u>Contractor Project Manager</u> |
|------------------------------|-----------------------------------|
| Name: | Name: |
| Title: | Title: |
| Address: | Address: |
| Phone: | Phone: |
| E-mail: | E-mail: |

4. **Payment and Pricing Structure.** Contractor shall invoice Court on a monthly basis for Commission Fees charged for its collections services under this Agreement, which will be the

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following percentage, calculated each month on the total funds collected during such month on all Accounts transferred to Contractor under this Agreement.

5. **On-site personnel.** Contractor [is/is not] required to perform services under this Agreement on-site at Court locations.

6. **Reporting Requirements.** Notwithstanding the required reports and schedule of reports set forth in Exhibit A, Statement of Work, of the Master Agreement, the parties hereto agree that Contractor will provide reports on the following schedule:

Contractor will provide additional reports upon request by the Court.

7. **Term.** The respective duties and obligations of the parties hereto shall commence on the date first written above, and shall automatically renew for the option periods described in Section 4 of the Master Agreement unless the options to extend are not renewed by the AOC or the Master Agreement is earlier terminated. Notwithstanding the foregoing, either party may terminate all or any of the services under this Agreement by giving ninety (90) days written notice to the other party. In addition, this Agreement is expressly conditioned upon the ability of the Court under currently applicable California state law and policy to pay Contractor for services hereunder from revenue collected by Contractor on the Accounts. If any applicable law or policy is amended or enacted such that the revenue under this Agreement may not be applied to Court's obligations under this Agreement, the Court may, by written notice, terminate this Agreement on the effective date of such amended or enacted law or policy.

8. **Credit Reporting.** Contractor will be able to report outstanding receivables on behalf of the Court to the three nationally available credit history reporting databases (credit bureaus). There will be no additional fee for this service.

9. **Independent Contractor.** Contractor is, for all purposes, an independent contractor and shall not be deemed an employee of the Court.

- a. The Contractor specifically acknowledges that it controls the manner and means by which the product is accomplished, agrees to hold itself out as an independent contractor, and waives any rights to claim that it is an employee of the Court under the common law agency test, the economic realities test, or any other legal test.
- b. It is expressly understood and agreed that the Contractor shall in no event, as a result of this contract or any work performed under this contract, be entitled to any benefits to which Court employees are entitled, including but not limited to overtime or other pay differentials, retirement benefits, social security benefits, disability insurance benefits, unemployment compensation or insurance, workers' compensation benefits, and injury, vacation, sick, or other leave or employment benefits. The Contractor expressly agrees that all legal recourse for performance and severance of the relationship between it and the Court is set forth in this Agreement, and not in any statutes or case law relating to rights of employees.
- c. The Contractor agrees to notify its own employees that they are not employees of the Court and are not entitled to any benefits to which Court employees are entitled, as set forth above. The Contractor furthermore agrees to indemnify, defend and hold

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harmless the Court, its judges, subordinate judicial officers, officers and employees, from any such claims made by employees of the Contractor.

10. Indemnification. Contractor shall indemnify and save harmless Court and its respective judges, subordinate judicial officers, officers, agents and employees from and against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by Court or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Court, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Court and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

11. Entire Agreement. This Agreement and the incorporated documents constitute the entire understanding between the parties and supersede any and all prior understandings and agreements, oral or written, relating to the subject matter of this Agreement. Each party acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not included in this Agreement, and no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

12. Amendment. No alteration or amendment to the terms of this Agreement shall be valid unless it is made in writing and is signed by the parties, and no oral understanding or agreement shall be binding on the parties.

13. Assignment. Inasmuch as this Agreement is intended to secure the specialized services of Contractor, Contractor may not assign, transfer, delegate or sublet any interest herein without the prior written consent of Court.

14. Governing Law. This Agreement will be construed under the laws of the state of California, without regard to its conflict of law provisions.

15. Waiver. Any waiver by either party of a breach of any of the terms of this Agreement will not be construed as a waiver of any succeeding breach of the same or other term of this Agreement.

16. Further Assurances. Each party hereto agrees to cooperate with the other, and to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and to take all such other actions as may be reasonably requested of it from time to time to effectuate the provisions and purposes of this Agreement.

17. Severability. If any part of this Agreement is held unenforceable, all other parts remain enforceable.

17. Time. Time is of the essence in the performance of services under this Agreement.

18. Counterparts. This Agreement may be executed in counterparts, each of which is considered an original.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first above written.

SUPERIOR COURT OF CALIFORNIA,
COUNTY OF _____

Access Capital Services, Inc.

By: _____

Name:

Title:

By: _____

Name:

Title: