



University of
Kentucky[®]
Procurement Services

Request for Proposal

UK-2464-25

Proposal Due Date – 10/30/24

Collection Agency Services for Delinquent
Student Loan/
Account Receivables



REQUEST FOR PROPOSAL (RFP)

ATTENTION: This is not an order. Read all instructions, terms and conditions carefully.

PROPOSAL NO.: UK-2464-25	RETURN ORIGINAL COPY OF PROPOSAL TO:	
Issue Date: 10/1/24	UNIVERSITY OF KENTUCKY PROCUREMENT SERVICES	
Title: Collection Agency Services for Delinquent Student Loan/Account Receivables		
Purchasing Officer: Rebecca Purcell	411 S LIMESTONE	
Phone: 859-257-5479	ROOM 322 PETERSON SERVICE BLDG.	
Email: rpurcell@uky.edu	LEXINGTON, KY 40506-0005	

IMPORTANT: PROPOSALS MUST BE RECEIVED BY: 10/30/24 3 P.M. LEXINGTON, KY TIME.

NOTICE OF REQUIREMENTS

1. The University's General Terms and Conditions and Instructions to Bidders, viewable at <https://purchasing.uky.edu/bid-and-proposal-opportunities>, apply to this RFP. When the RFP includes construction services, the University's General Conditions and Special Conditions for Construction and Instructions to Bidders, viewable at <https://purchasing.uky.edu/bid-and-proposal-opportunities>, apply to the RFP.
2. Contracts resulting from this RFP must be governed by and in accordance with the laws of the Commonwealth of Kentucky.
3. Any agreement or collusion among offerors or prospective offerors, which restrains, tends to restrain, or is reasonably calculated to restrain competition by agreement to bid at a fixed price or to refrain from offering, or otherwise, is prohibited.
4. Any person who violates any provisions of KRS 45A.325 shall be guilty of a felony and shall be punished by a fine of not less than five thousand dollars nor more than ten thousand dollars, or be imprisoned not less than one year nor more than five years, or both such fine and imprisonment. Any firm, corporation, or association who violates any of the provisions of KRS 45A.325 shall, upon conviction, be fined not less than ten thousand dollars or more than twenty thousand dollars.

AUTHENTICATION OF BID AND STATEMENT OF NON-COLLUSION AND NON-CONFLICT OF INTEREST

I hereby swear (or affirm) under the penalty for false swearing as provided by KRS 523.040:

1. That I am the offeror (if the offeror is an individual), a partner, (if the offeror is a partnership), or an officer or employee of the bidding corporation having authority to sign on its behalf (if the offeror is a corporation);
2. That the attached proposal has been arrived at by the offeror independently and has been submitted without collusion with, and without any agreement, understanding or planned common course of action with, any other Contractor of materials, supplies, equipment or services described in the RFP, designed to limit independent bidding or competition;
3. That the contents of the proposal have not been communicated by the offeror or its employees or agents to any person not an employee or agent of the offeror or its surety on any bond furnished with the proposal and will not be communicated to any such person prior to the official closing of the RFP;
4. That the offeror is legally entitled to enter into contracts with the University of Kentucky and is not in violation of any prohibited conflict of interest, including, but not limited to, those prohibited by the provisions of KRS 45A.330 to .340, and 164.390;
5. That the offeror, and its affiliates, are duly registered with the Kentucky Department of Revenue to collect and remit the sale and use tax imposed by Chapter 139 to the extent required by Kentucky law and will remain registered for the duration of any contract award;
6. That I have fully informed myself regarding the accuracy of the statement made above.

SWORN STATEMENT OF COMPLIANCE WITH CAMPAIGN FINANCE LAWS

In accordance with KRS 45A.110 (2), the undersigned hereby swears under penalty of perjury that he/she has not knowingly violated any provision of the campaign finance laws of the Commonwealth of Kentucky and that the award of a contract to a bidder will not violate any provision of the campaign finance laws of the Commonwealth of Kentucky.

CONTRACTOR REPORT OF PRIOR VIOLATIONS OF KRS CHAPTERS 136, 139, 141, 337, 338, 341 & 342

The contractor by signing and submitting a proposal agrees as required by 45A.485 to submit final determinations of any violations of the provisions of KRS Chapters 136, 139, 141, 337, 338, 341 and 342 that have occurred in the previous five (5) years prior to the award of a contract and agrees to remain in continuous compliance with the provisions of the statutes during the duration of any contract that may be established. Final determinations of violations of these statutes must be provided to the University by the successful contractor prior to the award of a contract.

CERTIFICATION OF NON-SEGREGATED FACILITIES

The contractor, by submitting a proposal, certifies that he/she is in compliance with the Code of Federal Regulations, No. 41 CFR 60-1.8(b) that prohibits the maintaining of segregated facilities.

SIGNATURE REQUIRED: This proposal cannot be considered valid unless signed and dated by an authorized agent of the offeror. Type or print the signatory's name, title, address, phone number and fax number in the spaces provided. Offers signed by an agent are to be accompanied by evidence of his/her authority unless such evidence has been previously furnished to the issuing office

DELIVERY TIME:	NAME OF COMPANY:	DUNS #
PROPOSAL FIRM THROUGH:	ADDRESS:	Phone/Fax:
PAYMENT TERMS:	CITY, STATE & ZIP CODE:	E-MAIL:
SHIPPING TERMS: F. O.B. DESTINATION PREPAID AND ALLOWED FEDERAL EMPLOYER ID NO.:	TYPED OR PRINTED NAME:	WEB ADDRESS:
	SIGNATURE:	DATE:

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1.0 DEFINITIONS

The term "addenda" means written or graphic instructions issued by the University of Kentucky prior to the receipt of proposals that modify or interpret the RFP documents by additions, deletions, clarifications and/or corrections.

The term "competitive negotiations" means the method authorized in the Kentucky Revised Statutes, Chapter 45A.085.

The terms "offer" or "proposal" mean the offeror's/offers' response to this RFP.

The term "offeror" means the entity or contractor group submitting the proposal.

The term "contractor" means the entity receiving a contract award.

The term "purchasing agency" means the University of Kentucky, Procurement Services, Room 322 Peterson Service Building, Lexington, KY 40506-0005.

The term "purchasing official" means the University of Kentucky's appointed contracting representative.

The term "responsible offeror" means a person, company or corporation that has the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance. In determining whether an offeror is responsible, the University may evaluate various factors including (but not limited to): financial resources; experience; organization; technical qualifications; available resources; record of performance; integrity; judgment; ability to perform successfully under the terms and conditions of the contract; adversarial relationship between the offeror and the University that is so serious and compelling that it may negatively impact the work performed under this RFP; or any other cause determined to be so serious and compelling as to affect the responsibility of the offeror.

The term "solicitation" means RFP.

The term "University" means University of Kentucky.

For purposes of this RFP, proposals, and any contract arising from this RFP, the following definitions, descriptions, and provisions shall apply.

Agency means successful offeror.

Internal Collection Costs refer to those charges that the University identifies as reasonable based on either actual cost the University has incurred on the debtor's account or based on average costs that the University incurs in collecting on accounts in similar stages of delinquency.

Late Fees refer to those charges that the University, in accordance with institutional policy and student loan regulations, has determined to be an appropriate late fee or penalty charge for past due obligations owed the University.

Contingent Collection Costs refer to the sole amounts that collection agencies shall be paid for their efforts in collecting past due student loans and other student receivables on behalf of the

University. For purposes of the RFP, cost proposal, and the contract, this is also referred to as Contingent Collection Fee that is expressed as a percentage of the amount collected.

First Agency Placement - An account that has not been previously placed with any collection agency (first collection effort referral).

Second Agency Placement - An account that has previously been with one *or more* collection agencies, but not successfully collected (2nd collection effort referral).

Litigation Account - An account upon which a suit has been filed and prosecuted to judgment, and upon which collection is made.

2.0 GENERAL OVERVIEW

2.1 Intent and Scope

This Request for Proposal (RFP) is being issued by the University of Kentucky to solicit proposals from qualified, experienced, financially sound, and responsible providers of collection services interested in providing such services to University of Kentucky Student Account Services. The providers *must* be active members in good standing of both the Kentucky Association of Student Receivable Officers (KASRO) and the Coalition of Higher Education Assistance Organizations (COHEAO).

The University of Kentucky intends to contract for collection services in connection with delinquent National Direct Student Loans (NDSL), now known as Federal Perkins Student Loans, Health Profession Student Loans, Primary Care Student Loans, Nurse Faculty Student Loans, and a variety of both short-term and long-term Institutional Student Loan programs, as well as delinquent student account receivables, i.e. tuition, housing, etc.

The total dollar volume of defaulted student loans placed with outside collection agencies over the last two years was approximately \$1.2 million for 258 accounts. The average balance placed was about \$5,000.00 at approximately 6-9 months (1st referrals). The total dollar volume of student account receivables and costs placed over the last two years was approximately \$10.5 million, with an average student balance of \$4,000.00 and 240 days past due (1st referrals). There is no guarantee of the amount referred to the agency for either student loan or student account receivables.

The Offeror should:

- Provide collection services for long and short-term Federal and Institutional Student Loan programs, and student account receivables, agreeing to receive and work accounts as either first or second agency placements.
- Pursue judicial remedies in the collection of student loans and student account receivables.
- Comply fully with all federal and state laws, as well as any specific University policies, that relate to these programs and debt collection practices.
- Work cooperatively with the billing service used by the University, as well as with campus collection personnel.
- Meet the University of Kentucky reporting requirements; have mechanisms in place that will allow the University to analyze the performance of each collection agency under contract, enabling the University to consider each agency's performance when making additional placements.

The University intends to award multiple contracts that are specifically designed to serve the unique needs of higher education.

The scope of services is further defined in Section 7.0.

2.2 Background Information

Student financial aid programs, including student loans, play an important role in assisting University of Kentucky students to meet their educational expenses. During the academic year 2023-24, University of Kentucky students received nearly \$224 million in student loans. Of this amount, approximately \$2 million was campus-based and institutional loan funds.

Student Account Services, under the leadership of the Director, has four main areas of responsibility: student accounts, student tax (1098T), account reconciliation, and student loans.

Student account functions include electronic billing and collection of student fees (tuition, room, board, and other fees), tuition and fee payments, student financial aid residual refunds, and customer service with student account analysis and counseling assistance for tuition bill payment. These functions utilize the SAP operating system. The A/R Collection Team is responsible for placement of delinquent student account receivables with collection agencies and provision of follow-up information. A Student Account Manager has oversight. During the academic year 2023-24, University of Kentucky students were billed nearly \$775 million in student receivables.

Student tax functions include providing 1098-T forms and detail information to students for the American Opportunity or Lifetime Learning tax credits.

Account reconciliation responsibilities include daily cash deposits and reconciliation of all departmental and student loan accounts.

Student loan functions include provision of entrance and exit counseling to borrowers of all federal student loan programs (William D. Ford Federal Direct, Perkins, Health Professions, Nurse Faculty, and Primary Care), administration of collection of all campus-based and institutional student loans, and customer service for all types of loans. An in-house student loan collector is responsible for the placement of delinquent student loan receivables with collection agencies. The University of Kentucky currently employs the services of Educational Computer Services, Inc. (ECSI) to perform due diligence on all its long-term federal and institutional student loan programs. A Student Account Manager has oversight and is responsible for completion of all legal suit authorizations and follow-up with agencies.

2.3 University Information

Upon his arrival in 2011, President Eli Capilouto set an ambitious agenda to extend and enhance our role as Kentucky's land-grant and flagship research university. By focusing on infrastructure growth and improvement; creating opportunities for innovative teaching, learning and academic excellence; fostering a robust research enterprise; providing life-saving subspecialty care; empowering communities through service and outreach; and encouraging a transparent and shared dialogue about institutional priorities; the University of Kentucky will help ensure a Kentucky tomorrow that is healthier, wealthier and wiser than it is today.

Our mission is to advance Kentucky.

Founded in 1865 as a land-grant institution adjacent to downtown Lexington, UK is nestled in the scenic heart of the beautiful Bluegrass region of Kentucky. From its early beginnings, with only 190 students and 10 professors, UK's campus now covers more than 900 acres. The university enrolled more than 32,000 students in Fall 2022 and has approximately 25,000 employees, including nearly 3,000 full-time faculty.

UK is one of a small number of universities in the United States that has programs in agriculture, engineering, law, fine arts and a full complement of health colleges including medicine and pharmacy, on a single campus alongside an academic health system, leading to groundbreaking discoveries and unique interdisciplinary collaboration.

The state's flagship university consists of 18 academic and professional colleges where students can choose from more than 200 majors and degree programs at the undergraduate and graduate levels. The colleges are Agriculture, Food and Environment; Arts and Sciences; Business and Economics; Communication and Information; Dentistry; Design; Education; Engineering; Fine Arts; Graduate School; Health Sciences; Honors; Law; Medicine; Nursing; Pharmacy; Public Health; and Social Work. These colleges are supported by a modern research library system.

Research at the University of Kentucky is a dynamic enterprise encompassing both traditional scholarship and emerging technologies. UK's research faculty, staff and students are establishing UK as one of the nation's most prolific public research universities. UK researchers were awarded more than \$452.9 million in extramural grant and contract funding in fiscal year 2022. Fifty-six percent of this funding comes from agencies in the federal government (\$256 million) such as the National Institutes of Health, National Science Foundation, Department of Energy, Department of Defense and numerous other federal, state and industry sponsors. Expenditures from research and development (R&D) activities at the university generate more than \$772 million in economic development across the Commonwealth of Kentucky and support more than 4,395 jobs.

With more than 70 research centers and institutes, UK researchers are discovering new knowledge, providing a rich training ground for current students and the next generation of researchers and advancing the economic growth of the Commonwealth of Kentucky. Several centers excel in the services offered to the public. The Gluck Equine Research Center is one of only three facilities of its kind in the world, conducting equine disease research.

The Center for Applied Energy Research (CAER) is internationally recognized for research in algae for carbon dioxide clean up, carbon materials, concrete and cement, emissions control in utilities, energy policy, fuels research, hydrogen, materials characterization and plant optimization.

Among the brightest examples of UK's investment in transformative research is the Markey Cancer Center. As a center of excellence and distinction at UK, Markey's robust research and clinical enterprise is the cornerstone of our commitment to Kentucky – fundamental to our success in uplifting lives through our endeavors and improving the general health and welfare of our state – burdened by the nation's highest rate of cancer deaths per 100,000 people. In 2013, Markey earned the prestigious National Cancer Institute-designation (NCI) – one of 68 nationally and the only one in Kentucky. The designation was renewed in 2018.

Both CAER and Markey are cornerstones of seven Research Priority Areas (RPAs) at the University of Kentucky. These areas — chosen based on local relevance, existing funding strength, sustainability and disciplinary scholarly diversity — focus UK's top research talent on the most pressing challenges confronting our state.

The University of Kentucky is the recipient of a Clinical Translational Sciences Award (CTSA) from the National Institutes of Health (NIH). As one of only 60 institutions with this research distinction, UK was awarded the CTSA for its potential in moving research and discovery in the lab into practical field and community applications. The CTSA and NCI are part of a trifecta of federal research grants that includes an Alzheimer's Disease Center. UK is one of only 29 universities in the country to hold all three premier grants from NIH.

Established in 1957, the medical center at UK is one of the nation's finest academic medical centers and includes the university's clinical enterprise, UK HealthCare. Licensed for 965 beds across UK Albert B. Chandler Hospital, Kentucky Children's Hospital and UK Good Samaritan Hospital, the system is supported by a growing faculty and staff providing the most advanced subspecialty care for the most critically injured and ill patients throughout the Commonwealth and beyond. Since 2014, the number of patients served by the medical enterprise has nearly doubled, with more than 38,000 discharges in 2022.

UK Chandler Hospital includes the only Level 1 Trauma Center for both adult and pediatric patients in Central and Eastern Kentucky. In addition, UK HealthCare recently opened one of the country's largest robotic hybrid operating rooms and the first of its kind in the region. While the new patient care pavilion is the leading health care facility for advanced medical procedures in the region, our talented physicians consult with and travel to our network of affiliate hospitals so Kentuckians can receive the best health care available close to their home and never need to leave the Bluegrass for complex subspecialty care.

As of December 1, 2022, King's Daughters Medical Center, based in Ashland, Kentucky, officially became part of the University of Kentucky. King's Daughters Medical Center serves a 16-county region across Kentucky, Ohio and West Virginia. Its health system is composed of two acute-care hospitals totaling 465 licensed beds, more than 50 ambulatory centers and practice locations, a long-term care facility, medical transport company and six urgent care centers.

The University of Kentucky Board of Trustees on Friday April 26, 2024 approved plans to proceed with the acquisition of St. Claire HealthCare in Morehead. The move for St. Claire to become part of UK will expand clinical and academic programs as well as result in greater access to high-quality patient care for more Kentuckians. St. Claire can continue its 60-year tradition of serving Northeastern Kentucky for decades to come, operating under the name UK St. Claire. St. Claire HealthCare is one of the largest employers in the region, with over 1,200 staff members, including a growing medical staff of more than 125 physicians and nearly 70 advanced practice professionals representing more than 30 medical specialties. It includes the largest rural hospital in Northeastern Kentucky, seven primary care locations located within five counties, a multi-specialty medical pavilion, two urgent care centers, a pediatrics clinic, as well as a retail pharmacy, counseling center, medical equipment and supply store, and an outpatient center. Additionally, St. Claire HealthCare provides home health and hospice services in eight counties within its 11-county service region. The acquisition was finalized on July 1, 2024.

UK's agenda remains committed to accelerating the university's academic excellence in all areas and gaining worldwide recognition for its outstanding academic programs, its commitment to students, its investment in pioneering research and discovery, its success in building a diverse community and its engagement with the larger society. This commitment is all part of the university's mission as a 21st century flagship and land-grant research university. From its Nobel Laureates to cutting-edge work in addressing health disparities, and from the artistic wonders that stir souls to our scientific creativity that inspires minds, UK seeks a brighter future through the contributions of our faculty, staff, students and alumni.

We are the University of Kentucky. We are committed to advancing Kentucky in everything that we do.

SUSTAINABILITY

Sustainability is an institution-wide priority for the University of Kentucky. We strive to ensure that all activities are ecologically sound, socially just, and economically viable, and that they will continue to be so for future generations. This commitment also prioritizes the integration of these principles in curricula, research, athletics, health care, creative works, and outreach. This principled approach to operational practices and intellectual pursuits is intended to prepare students and empower the campus community to support sustainable development in the Commonwealth and beyond. The UK Sustainability Strategic Plan guides these efforts (<https://www.uky.edu/sustainability/sustainability-strategic-plan>).

2.4 Economic Inclusion and Procurement

The University of Kentucky is committed to serving as an advocate for Kentucky located businesses as part of its on-going workforce development and economic development efforts.

The University desires to increase the amount of goods and services acquired from Kentucky located businesses. The University encourages its suppliers to support and assist in this effort.

The University's goals for increasing participation in procurement projects include but are not limited to the following:

- To ensure the absence of barriers that reduce participation.
- Educate vendors on "how to do business" with the University.
- Support Kentucky located vendors seeking to do business with the University in the areas of goods, services, construction, and other areas of procurement.
- Encourage participation of qualified Kentucky located vendors by directing them to agencies that can benefit from their product or service.
- Provide resources for Kentucky located vendors.
- Sponsor events to assist Kentucky located vendors in becoming active, responsible, and responsive participants in the University's purchasing opportunities.

For additional information regarding how Kentucky located suppliers may participate in this Request for Proposal, submit any questions to the Procurement Officer as indicated in Section 3.2 by the Deadline for Written Questions date.

3.0 PROPOSAL REQUIREMENTS

3.1 Key Event Dates

Release of RFP	10/1/24
Deadline for Written Questions	3 p.m. Eastern Time on 10/8/24
RFP Proposals Due	3 p.m. Eastern Time on 10/30/24

3.2 Offeror Communication

To ensure that RFP documentation and subsequent information (modifications, clarifications, addenda, Written Questions and Answers, etc.) are directed to the appropriate persons within the offeror's firm, each offeror who intends to participate in this RFP is to provide the following information to the purchasing officer. Prompt, thorough compliance is in the best interest of the offeror. Failure to comply may result in incomplete or delayed communication of addenda or other vital information. Contact information is the responsibility of the offeror. Without the prompt information, any communication shortfall shall reside with the offeror.

- Name of primary contact
- Mailing address of primary contact
- Telephone number of primary contact
- E-mail address of primary contact
- Additional contact persons with same information provided as primary contact

This information shall be transmitted via fax or e-mail to:

Rebecca Purcell
 Procurement Services
 University of Kentucky
 322 Peterson Service Building
 Lexington, KY 40506-0005
 Phone: (859) 257-5479
 Fax: (859) 257-1951
 E-mail: rpurcell@uky.edu

All communication with the University regarding this RFP should only be directed to the purchasing officer listed above.

3.3 Offeror Presentations

All offerors whose proposals are judged acceptable for award may be required to make a presentation to the evaluation committee.

3.4 Preparation of Offers

The offeror is expected to follow all specifications, terms, conditions and instructions in this RFP.

The offeror will furnish all information required by this solicitation.

Proposals should be prepared simply and economically, providing a description of the offeror's capabilities to satisfy the requirements of the solicitation. Emphasis should be on completeness and clarity of content. All documentation submitted with the proposal should be bound in a single volume except as otherwise specified.

An electronic version of the RFP, in .PDF format only, is available through the University of Kentucky Procurement Services website at: <https://purchasing.uky.edu/bid-and-proposal-opportunities>.

3.5 Proposed Deviations from the RFP

The stated requirements appearing elsewhere in this RFP shall become a part of the terms and conditions of any resulting contract. Any deviations therefrom must be specifically defined in accordance with the transmittal letter, Section 4.3 (d). If accepted by the University, the deviations shall become part of the contract, but such deviations must not be in conflict with the basic nature of this RFP.

Note: Offerors should not submit their standard terms and conditions as exceptions to the University's General Terms and Conditions. Each exception to the University's General Terms and Conditions should be individually addressed.

3.6 Proposal Submission and Deadline

Offeror must provide the following materials prior to 3 p.m. (Lexington, KY time) on the date specified in Section 3.1 and addressed to the purchasing officer listed in Section 3.2:

- **Technical Proposal:** Two (2) copies on electronic storage devices (USB) (1 copy per storage device) each clearly marked with the proposal number and name, firm name and what is included (Technical Proposal) and two (2) printed original copies.
- **Financial Proposal:** Two (2) copies on electronic storage devices (USB) (1 copy per storage device) each clearly marked with the proposal number and name, firm name and what is included (Financial Proposal) and two (2) printed original copies.

Note: Proposals received after the closing date and time will not be considered. In addition, proposals received via fax or e-mail are not acceptable.

The University of Kentucky accepts deliveries of RFPs Monday through Friday from 8 a.m. to 5 p.m. Lexington, KY time. However, RFPs must be received by 3 p.m. Lexington, KY time on the date specified on the RFP in order to be considered.

Proposals shall be enclosed in sealed envelopes to the above referenced address and should show on the face of the envelope: the closing time and date specified, the solicitation number and the name and address of the offeror. The technical proposal should be submitted in a sealed envelope and the financial proposal should be submitted in a sealed envelope under separate cover. Both sealed envelopes should have identical information on the cover, with the addition that one will state "Technical Information," and the other, "Financial Proposal."

Note: In accordance with the Kentucky Revised Statute 45A.085, there will be no public opening.

3.7 Modification or Withdrawal of Offer

An offer and/or modification of an offer received at the office designated in the solicitation after the exact hour and date specified for receipt will not be considered.

An offer may be modified or withdrawn by written notice before the exact hour and date specified for receipt of offers. An offer also may be withdrawn in person by an offeror or an authorized representative, provided the identity of the person is made known and the person signs a receipt for the offer, but only if the withdrawal is made prior to the exact hour and date set for receipt of offers.

3.8 Acceptance or Rejection and Award of Proposal

The University reserves the right to accept or reject any or all proposals (or parts of proposals), to waive any informalities or technicalities, to clarify any ambiguities in proposals and (unless otherwise specified) to accept any item in the proposal. In case of error in extension or prices or other errors in calculation, the unit price shall govern. Further, the University reserves the right to make a single award, split awards, multiple awards or no award, whichever is in the best interest of the University.

3.9 Rejection

Grounds for the rejection of proposals include (but not be limited to):

- Failure of a proposal to conform to the essential requirements of the RFP.
- Imposition of conditions that would significantly modify the terms and conditions of the solicitation or limit the offeror's liability to the University on the contract awarded on the basis of such solicitation.
- Failure of the offeror to sign the University RFP. This includes the Authentication of Proposal and Statement of Non-Collusion and Non-Conflict of Interest statements.
- Receipt of proposal after the closing date and time specified in the RFP.

3.10 Addenda

Any addenda or instructions issued by the purchasing agency prior to the time for receiving proposals shall become a part of this RFP. Such addenda should be acknowledged in the proposal. No instructions or changes shall be binding unless documented by a proper and duly issued addendum.

3.11 Disclosure of Offeror's Response

The RFP specifies the format, required information and general content of proposals submitted in response to this RFP. The purchasing agency will not disclose any portions of the proposals prior to contract award to anyone outside Procurement Services, the University's administrative staff, representatives of the state or federal government (if required) and the members of the committee evaluating the proposals. After a contract is awarded in whole or in part, the University shall have the right to duplicate, use or disclose all proposal data submitted by offerors in response to this RFP as a matter of public record.

Any submitted proposal shall remain valid six (6) months after the proposal due date.

The University shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposal received in response to this RFP. Selection or rejection of the proposal will not affect this right.

3.12 Restrictions on Communications with University Staff

From the issue date of this RFP until a contractor is selected and a contract award is made, offerors are not allowed to communicate about the subject of the RFP with any University administrator, faculty, staff or members of the board of trustees except: the purchasing office representative, any University purchasing official representing the University administration, others authorized in writing by the purchasing office and University representatives during offeror presentations. If violation of this provision occurs, the University reserves the right to reject the offeror's proposal.

3.13 Cost of Preparing Proposal

Costs for developing the proposals and any subsequent activities prior to the contract award are solely the responsibility of the offerors. The University will provide no reimbursement for such costs.

3.14 Disposition of Proposals

All proposals become the property of the University. The successful proposal will be incorporated into the resulting contract by reference.

3.15 Alternate Proposals

Offerors may submit alternate proposals. If more than one proposal is submitted, all must be complete (separate) and comply with the instructions set forth within this document. Each proposal will be evaluated on its own merits.

3.16 Questions

All questions should be submitted by e-mail to the purchasing officer listed in Section 3.2 no later than the date listed in Section 3.1.

3.17 Section Titles in the RFP

Section titles used herein are for the purpose of facilitating ease of reference only and shall not be construed to infer the construction of contractual language.

3.18 No Contingent Fees

No person or selling agency shall be employed or retained or given anything of monetary value to solicit or secure this contract, except bona fide employees of the offeror or bona fide established commercial or selling agencies maintained by the offeror for the purpose of securing business. For breach or violation of this provision, the University shall have the right to reject the proposal, annul the contract without liability, or, at its discretion, deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee or other benefit.

3.19 Proposal Addenda and Rules for Withdrawal

Prior to the date specified for receipt of offers, a submitted proposal may be withdrawn by submitting a written request for its withdrawal to the University purchasing office, signed by the offeror. Unless requested by the University, the University will not accept revisions or alterations to proposals after the proposal due date.

3.20 Requirement To Perform Vendor Onboarding and Registration

As a condition of award, and for any renewals performed during the life of the contract, successful Contractor agrees to register their company with PaymentWorks, Inc., the University's vendor onboarding application. Registration information will be provided by Procurement Services as part of the award process. Further, should any company or business information change during the life of the contract, successful Contractor agrees to update this information in PaymentWorks as applicable. Supplier agrees to and should be responsible for all updates on their PaymentWorks account as it relates to submitting new remit-to addresses or other required supplier profile information. PaymentWorks provides support to all suppliers transacting with the University of Kentucky on the platform. Supplier agrees to and should be responsible for engaging PaymentWorks Support for any needed issues regarding updates or other matters to ensure their supplier account remains connected to the University.

4.0 PROPOSAL FORMAT AND CONTENT

4.1 Proposal Information and Criteria

The following list specifies the items to be addressed in the proposal. Offerors should read it carefully and address it completely and in the order listed to facilitate the University's review of the proposal.

Proposals should be organized into the sections identified below. The content of each section is detailed in the following pages. It is strongly suggested that offerors use the same numbers for the following content that are used in the RFP.

- Signed Authentication of Proposal and Statement of Non-Collusion and Non-Conflict of Interest Form
- Transmittal Letter
- Executive Summary and Proposal Overview
- Criteria 1 - Offeror Qualifications
- Criteria 2 - Services Defined
- Criteria 3 - Financial Proposal
- Criteria 4 - Evidence of Successful Performance and Implementation Schedule
- Criteria 5 - Other Additional Information

4.2 Signed Authentication of Proposal and Statements of Non-Collusion and Non-Conflict of Interest Form

The Offeror will sign and return the proposal cover sheet and print or type their name, firm, address, telephone number and date. The person signing the offer must initial erasures or other changes. An offer signed by an agent is to be accompanied by evidence of their authority unless such evidence has been previously furnished to the purchasing agency. The signer shall further certify that the proposal is made without collusion with any other person, persons, company, or parties submitting a proposal; that it is in all respects fair and in good faith without collusion or fraud; and that the signer is authorized to bind the principal offeror.

4.3 Transmittal Letter

The Transmittal Letter accompanying the RFP should be in the form of a standard business letter and should be signed by an individual authorized to legally bind the offeror. It should include:

- A statement referencing all addenda and written questions, the answers and any clarifications to this RFP issued by the University and received by the offeror (If no addenda have been received, a statement to that effect should be included.).
- A statement that the offeror's proposal shall remain valid for six (6) months after the closing date of the receipt of the proposals.
- A statement that the offeror will accept financial responsibility for all travel expenses incurred for oral presentations (if required) and candidate interviews.

- A statement that summarizes any deviations or exceptions to the RFP requirements and includes a detailed justification for the deviation or exception.
- A statement that identifies the confidential information as described in Section 6.23.

4.4 Executive Summary and Proposal Overview

The Executive Summary and Proposal Overview should condense and highlight the contents of the technical proposal in such a way as to provide the evaluation committee with a broad understanding of the entire proposal.

As part of the Executive Summary and Proposal Overview, Offeror should submit with their response a summarized profile describing the demographic nature of their company or organization:

1. When was your organization established and/or incorporated?
2. Indicate whether your organization is classified as local, regional, national, or international.
3. Describe the size of your company in terms of number of employees, gross sales, etc.
4. Is your company certified as small business, minority-owned, women-owned, veteran-owned, disabled-owned, or similar classification?
5. Include other demographic information that you feel may be applicable to the Request for Proposal submission.

Business Description	Check All That Apply
Minority-Owned	
Woman-Owned	
Small Business	
Veteran-Owned	
LGBTQ-Owned	
Disability-Owned Business Entity (DOBE)	
Diversity not indicated	

Race/Ethnicity	Check One
Asian	
Black/African American	
Hispanic or Latino	
Native American	
Native Hawaiian/Pacific Islander	
White	
Other	
Prefer not to say	

Kentucky Located	Yes/No?
Kentucky Located – Please indicate whether your business entity is physically located within the Commonwealth of Kentucky.	

4.5 Criteria 1 - Offeror Qualifications

The purpose of the Offeror Qualifications section is to determine the ability of the offeror to respond to this RFP. Offerors should describe and offer evidence of their ability to meet each of the qualifications listed below.

Our supply chains and business partnerships are an important aspect of this work. In your proposal, please (A) provide your company’s mission and vision relative to sustainability, and (B) how your company, through services, products, and partnerships, will help the University of Kentucky advance specific elements of the Sustainability Strategic Plan.

1. Please provide the address, telephone and fax number of the service office that will provide collection services and a brief narrative describing the history of your company. This history should demonstrate that the Offeror has a minimum of five (5) years’ experience in collection of student loan and student account receivables. Identify the number of employees in your company, the ownership and if the company has ever filed for bankruptcy, been in loan default, or if there are any pending liens, claims, or lawsuits against the company. If so, please describe.
2. In addition, please provide the following information:
 - a. List of prior names of business if changes have been made.

- b. Name of principal and alternate, their experience and qualifications. The people listed should be in the office that will service the account.
- c. Professional affiliations and activities that support and promote the ability to remain current with respect to federal requirements and industry standards.
- d. Description of professional memberships and activities that evidence a commitment to servicing student loan and student receivable accounts and a strong involvement in the student loan collection community (be specific).

NOTE: For consideration of the Offeror's proposal, Offeror must be an active member in good standing of both the Kentucky Association of Student Receivable Officers (KASRO) and the Coalition of Higher Education Assistance Organizations (COHEAO);

- e. Staffing patterns including average workload (i.e., number of clients/accounts) for agency's client representatives and average years of service of client representatives in the service office.
 - f. Number of collection staff in the service office.
 - g. Number of clerical/support staff in the service office.
 - h. Name, title, and experience of the person who will be the service representative for the University account.
 - i. Position descriptions as well as a resume for each person dedicated to the University of Kentucky program including those who will be performing significant activities on behalf of the University.
 - j. Unit and position responsible for reviewing, updating, and maintaining compliance with student loan regulations, as well as the extent of that person's involvement with national student loan collection organizations, conferences, and federal agencies.
 - k. Organizational chart indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the company. This chart should also show lines of authority to the next senior level of management.
3. Certification signed by an authorized representative of the agency, attesting to a statement that the agency is legally able to pursue collection efforts and, if applicable, to appropriate judicial remedies in accordance with its contract with the University in all fifty states of the United States.
4. In addition:
- a. Provide information on the number of Federal Perkins/NDSL accounts where judicial remedies were initiated, to include the number and percentage of those accounts, the number of accounts where judgments were obtained, and the number of accounts where the judgments were satisfied.

- b. Provide information on the number of Student Account Receivables accounts where judicial remedies were initiated, to include the number and percentage of those accounts, the number of accounts where judgments were obtained, and the number of accounts where the judgments were satisfied.
5. Description of staff training program protocols. The training programs must ensure that collection personnel are adequately trained in the areas of skip tracing, collection, consolidation, rehabilitation, Fair Debt Collection Practices Act, the Higher Education Act, due diligence provisions, and any applicable state laws.
6. Provide two separate inventory reports (one for student loans and one for student account receivables) that identify the number of accounts being serviced as of June 30, 2024. At a minimum, the report should include the number of debtors, total amount placed for collection, and total amount due.
7. Provide a copy of the agency's two (2) most recent annual compliance audits (not just a routine financial statement/audit), prepared in compliance with 34CFR 668.23, and, if applicable, the agency's corrective action plans in response to those audits.
8. Provide certified audited financial statements including a full set of footnotes as follows:
 - a. For the past three (3) fiscal years, include at a minimum, income statements, balance sheets, and statements of changes in financial position or cash flows. If three (3) years of financial statements are not available, this information should be provided to the fullest extent possible or the reasons why, if they are not available.
 - b. For a privately held company, when certified audited financial statements are not prepared; a written statement from the company's certified public accountant stating the financial condition, debt-to-asset ratio for the past three (3) years and any pending actions.
9. Provide evidence of its current fidelity bond coverage and a statement indicating the value of two months of collections for current loans in its total inventory.
10. If the Offeror has had a contract terminated for default in the last five years, describe such incident. Submit full details for the default including the other parties' name, address, and phone number. Present the Offeror's position on the matter. The University will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience. If the Offeror has experienced no such termination for default in the past five years, so indicate.
11. What is your company's current Moody's, Standard & Poor's or Dun & Bradstreet or comparable rating? What has been your company's rating for each of the last five (5) years? Please provide a copy of the latest Dun and Bradstreet (D & B) Report for your company.
12. Describe any investments and capabilities regarding AI/ML

13. What is the average tenure of your clients (# of years a client uses your solution)?

4.6 **Criteria 2 – Services Defined**

The following list specifies the items to be addressed in this section of your proposal. Please read it carefully and address it completely and in the order listed to facilitate the University's review of your proposal. **Responses should be succinct.**

1. Provide a brief narrative of how your firm proposes to accomplish the services described in this RFP. Confirm that your proposal and price include all of the services described in Section 7.0.
2. Provide a clear and concise statement that evidences its understanding of the Federal Perkins/NDSL loan program with emphasis on collections and due diligence requirements.
3. Discuss the approach and methods of interaction that its staff members pursue with borrowers and other debtors and why such approaches and methods are presumed or intended to result in successful collection efforts.
4. Please describe the procedures and practices for the following:

A. Referral of Accounts for Collection

1. Minimum information required from the University
2. Utilization of University's loan account or student account number
3. Acceptable methods of transmission of referrals
4. Electronic acknowledgement of referral
5. Frequency of contact with debtor
6. Debtors residing outside the United States
7. Monthly reconciliation with the University

B. Collection Strategies

1. Compliance with Fair Debt Collection Practices Act
2. Pre-collection services (student account receivables only), including samples of letters.
3. Federal Perkins cohort accounts
4. Student loan rehabilitation
5. Debtors with debts referred by multiple clients
6. Debtors with multiple types of debt from same client
7. Avoidance of long-term payment plans
8. Documentation of all activities
9. Recorded conversations
10. Regulation Z

C. Financial Transactions

1. Banking arrangements associated with accounts referred by University
2. Method of remittance of collections to the University
3. Debtor payments made directly to the University or its billing service

4. Debtor insufficient funds payments
5. Debtor overpayments

D. Data Security and Electronic Access

1. Confidentiality of data and prevention of unauthorized disclosure
2. Audit trails on system changes
3. Security provisions for electronic information exchange and internet access to system
4. Backup of data
5. Disaster recovery provisions
6. Disposal of records on closed/recalled accounts
7. Record retention for audit purposes
8. Any compliance finding resolution
9. Recent or planned enhancements, upgrades, or replacement
10. Electronic access and data exchange between agency and University's student loan billing service
11. Electronic access to agency's system for University personnel to view reports and referred accounts
12. Debtor access to agency portal

E. Client Communications

1. Service feedback from University personnel
2. Transmission of debtor correspondence/forms to University
3. Bankruptcy notification on student loan account
4. Bankruptcy notification on student account receivables

F. Examples/Exhibits

1. Student loan benefits materials
2. Student loan written repayment agreement
3. Samples of Reports (Excel format):
 - a. Acknowledgment of referrals
 - b. Close/cancel and return
 - c. Accounts in litigation
 - d. Monthly account status
 - e. Monthly inventory
 - f. Monthly collection analysis
4. Ad hoc report creation capabilities for University personnel

G. Account Litigation

1. Determination to file suit
2. Authorization from University to file suit
3. Communication with University
4. Enforcement of judgment
5. Renewal of judgment

H. Credit Bureau Reporting (student account receivables only)

1. Information required from University
2. Listing of account
3. Update of account
4. Removal of account
5. Dispute resolution

4.7 Criteria 3 – Financial Proposal

The agency should not assess or collect contingent collection costs on the following:

- a. Any amount received directly by the University or its billing service within fifteen (15) calendar days following the date that the agency acknowledges acceptance of the account.
- b. Any amount of the account balance that is reduced as a result of a deferment, forbearance, or cancellation.
- c. Any payments received where a subsequent reversal occurs (the agency should refund any commission paid on the account for the reversed payment).
- d. Any amount received by the agency or directly by the University or its billing service on a recalled account subsequent to fifteen (15) calendar days after the University has notified the agency of recall of the account.
- e. Any overpayment or amount collected in excess of the amount referred by the University plus accrued payments, including interest; and
- f. Any court costs and attorney's fees.

The Financial Offer Summary Form shall contain the complete financial offer made to the University using the format contained in Section 8.0. **All financial information should be submitted in a sealed envelope under separate cover.**

4.8 Criteria 4 – Evidence of Successful Performance and Implementation Schedule

1. The Contractor should provide documentation that indicates its collection rate for various student loan programs and student account receivables for the periods July 1, 2022 through June 30, 2023 and July 1, 2023 through June 30, 2024. Data should distinguish Federal Perkins/NDSL Loans, Health Profession Loans/Primary Care Loans, Nurse Faculty Loans, Institutional Student Loans, and student account receivables. The data should differentiate between first and second agency placements and should reflect the number of accounts, the loan/receivable balance due (excluding the agency's collection fees), and the loan/receivable amount collected (excluding the agency's collection fees).
2. Offeror should provide two listings – one each for its five (5) largest current campus-based student loan clients (based on the number of assigned accounts) and its five (5) largest

current student account receivables clients (prefer enrollment 20,000 or greater) that identifies:

- a. Name of post-secondary institution or multi-campus system.
 - b. Name of contact person.
 - c. Contact person's address, telephone number, and email address.
 - d. Number of years the client has had a continuous contract with the agency and the date on which the current contract expires.
 - e. Number of active campus-based student loans or student accounts serviced, with an average percentage of recovery.
3. Offeror should provide a listing of all former campus-based student loan and student account receivables clients with whom contracts expired or were terminated during the past two (2) years, which identifies:
- a. Name of post-secondary institution or multi-campus system.
 - b. Name of contact person.
 - c. Contact person's address, telephone number, and email address.
 - d. Number of years the client had a contract with the agency and the date on which the contract expired.
 - e. Approximate number of active campus-based student loans and student account receivables that were being serviced at the conclusion of the contract.

By submission of a Proposal, Offeror grants permission to the University to contact the references.

4. Also, please provide a statement that the Offeror has the resources available to assure meeting an aggressive implementation schedule.
5. Provide a detailed plan and schedule for the implementation of the collection services program. This Schedule should be complete with a listing of the specific tasks and milestones required for the successful implementation of the service.

4.9 Criteria 5 – Other Additional Information

If the agency provides other services or benefits that have not been addressed in the preceding requirements and that would be available to the University, provide a description of those services and their benefits in the collection effort. If the agency charges a fee for any of the proposed additional services, those costs are to be included in the Financial Summary Form, Section 8.0.

The offeror may present any creative approaches that might be appropriate. The offeror may also provide supporting documentation that would be pertinent to this RFP.

5.0 EVALUATION CRITERIA PROCESS

A committee of University officials appointed by the Chief Procurement Officer will evaluate proposals and make a recommendation to the Chief Procurement Officer. The evaluation will be based upon the information provided in the proposal, additional information requested by the University for clarification, information obtained from references and independent sources and oral presentations (if requested).

The evaluation of responsive proposals shall then be completed by an evaluation team, which will determine the ranking of proposals. Proposals will be evaluated strictly in accordance with the requirements set forth in this solicitation, including any addenda that are issued. The University will award the contract to the responsible offeror whose proposal is determined to be the most advantageous to the University, taking into consideration the evaluation factors set forth in this RFP.

The evaluation of proposals will include consideration of responses to the list of criteria in Section 4.0. Offerors must specifically address all criteria in their response. Any deviations or exceptions to the specifications or requirements must be described and justified in a transmittal letter. Failure to list such exceptions or deviations in the transmittal letter may be considered sufficient reason to reject the proposal.

The relative importance of the criteria is defined below:

Primary Criteria

- Offeror Qualifications
- Services Defined
- Financial Proposal
- Evidence of Successful Performance and Implementation

Secondary Criteria

- Other Additional Services

The University will evaluate proposals as submitted and may not notify offerors of deficiencies in their responses.

Proposals must contain responses to each of the criteria listed in Section 4 even if the offeror's response cannot satisfy those criteria. A proposal may be rejected if it is conditional or incomplete in the judgment of the University.

6.0 SPECIAL CONDITIONS

6.1 Contract Term

The contract resulting from this RFP should be effective January 1, 2025 through December 31, 2025, and is renewable for up to 4 additional one-year renewal periods. Annual renewal should be contingent upon the University's satisfaction with the services performed.

6.2 Competitive Negotiation

It is the intent of the RFP to enter into competitive negotiation as authorized by KRS 45A.085.

The University will review all proposals properly submitted. However, the University reserves the right to request necessary modifications, reject all proposals, reject any proposal that does not meet mandatory requirement(s) or cancel this RFP, according to the best interests of the University.

Offeror(s) selected to participate in negotiations may be given an opportunity to submit a Best and Final Offer to the purchasing agency. All information received prior to the cut-off time will be considered part of the offeror's Best and Final Offer.

The University also reserves the right to waive minor technicalities or irregularities in proposals providing such action is in the best interest of the University. Such a waiver should in no way modify the RFP requirements or excuse the offeror from full compliance with the RFP specifications and other contract requirements if the offeror is awarded the contract.

6.3 Appearance Before Committee

Any, all or no offerors may be requested to appear before the evaluation committee to explain their proposal and/or to respond to questions from the committee concerning the proposal. Offerors are prohibited from electronically recording these meetings. The committee reserves the right to request additional information.

6.4 Additions, Deletions or Contract Changes

The University reserves the right to add, delete, or change related items or services to the contract established from this RFP. No modification or change of any provision in the resulting contract shall be made unless such modification is mutually agreed to in writing by the contractor and the Chief Procurement Officer and incorporated as a written modification to the contract. Memoranda of understanding and correspondence should not be interpreted as a modification to the contract.

6.5 Contractor Cooperation in Related Efforts

The University reserves the right to undertake or award other contracts for additional or related work to other entities. The contractor shall fully cooperate with such other contractors and University employees and carefully fit its work to such additional work. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by University employees. This clause shall be included in the contracts of all contractors with whom this contractor

will be required to cooperate. The University shall equitably enforce this clause on all contractors to prevent the imposition of unreasonable burdens on any contractor.

6.6 Entire Agreement

The RFP should be incorporated into any resulting contract. The resulting contract, including the RFP and those portions of the offeror's response accepted by the University, should be the entire agreement between the parties.

6.7 Governing Law

The contractor shall conform to and observe all laws, ordinances, rules and regulations of the United States of America, Commonwealth of Kentucky and all other local governments, public authorities, boards or offices relating to the property or the improvements upon same (or the use thereof) and will not permit the same to be used for any illegal or immoral purposes, business or occupation. The resulting contract shall be governed by Kentucky law and any claim relating to this contract shall only be brought in the Franklin Circuit Court in accordance with KRS 45A.245.

6.8 Kentucky's Personal Information Security and Breach Investigation Procedures and Practices Act

To the extent Company receives Personal Information as defined by and in accordance with Kentucky's Personal Information Security and Breach Investigation Procedures and Practices Act, KRS 61.931, 61.932 and 61.933 (the "Act"), Company shall secure and protect the Personal Information by, without limitation: (i) complying with all requirements applicable to non-affiliated third parties set forth in the Act; (ii) utilizing security and breach investigation procedures that are appropriate to the nature of the Personal Information disclosed, at least as stringent as University's and reasonably designed to protect the Personal Information from unauthorized access, use, modification, disclosure, manipulation, or destruction; (iii) notifying University of a security breach relating to Personal Information in the possession of Company or its agents or subcontractors within seventy-two (72) hours of discovery of an actual or suspected breach unless the exception set forth in KRS 61.932(2)(b)2 applies and Company abides by the requirements set forth in that exception; (iv) cooperating with University in complying with the response, mitigation, correction, investigation, and notification requirements of the Act, (v) paying all costs of notification, investigation and mitigation in the event of a security breach of Personal Information suffered by Company; and (vi) at University's discretion and direction, handling all administrative functions associated with notification, investigation and mitigation.

6.9 Termination for Convenience

The University of Kentucky, Procurement Services, reserves the right to terminate the resulting contract without cause with thirty (30) days written notice. Upon receipt by the contractor of a "notice of termination," the contractor shall discontinue all services with respect to the applicable contract. The cost of any agreed upon services provided by the contractor will be calculated at the agreed upon rate prior to a "notice of termination" and a fixed fee contract will be pro-rated (as appropriate).

6.10 Termination for Non-Performance

Default

The University may terminate the resulting contract for non-performance, as determined by the University, for such causes as:

- Failing to provide satisfactory quality of service, including, failure to maintain adequate personnel, whether arising from labor disputes, or otherwise any substantial change in ownership or proprietorship of the Contractor, which in the opinion of the University is not in its best interest, or failure to comply with the terms of this contract;
- Failing to keep or perform, within the time period set forth herein, or violation of, any of the covenants, conditions, provisions or agreements herein contained;
- Adjudicating as a voluntarily bankrupt, making a transfer in fraud of its creditors, filing a petition under any section from time to time, or under any similar law or statute of the United States or any state thereof, or if an order for relief shall be entered against the Contractor in any proceeding filed by or against contractor thereunder. In the event of any such involuntary bankruptcy proceeding being instituted against the Contractor, the fact of such an involuntary petition being filed shall not be considered an event of default until sixty (60) days after filing of said petition in order that Contractor might during that sixty (60) day period have the opportunity to seek dismissal of the involuntary petition or otherwise cure said potential default; or
- Making a general assignment for the benefit of its creditors, or taking the benefit of any insolvency act, or if a permanent receiver or trustee in bankruptcy shall be appointed for the Contractor.

Demand for Assurances

In the event the University has reason to believe Contractor will be unable to perform under the Contract, it may make a demand for reasonable assurances that Contractor will be able to timely perform all obligations under the Contract. If Contractor is unable to provide such adequate assurances, then such failure may be an event of default and grounds for termination of the Contract.

Notification

The University will provide ten (10) calendar days written notice of default. Unless arrangements are made to correct the non-performance issues to the University's satisfaction within ten (10) calendar days, the University may terminate the contract by giving forty-five (45) days notice, by registered or certified mail, of its intent to cancel this contract.

6.11 Funding Out

The University may terminate this contract if funds are not appropriated or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The University shall provide the contractor thirty (30) calendar days' written notice of termination under this provision.

6.12 Prime Contractor Responsibility

Any contracts that may result from the RFP shall specify that the contractor(s) is/are solely responsible for fulfillment of the contract with the University.

6.13 Assignment and Subcontracting

The Contractor(s) may not assign or delegate its rights and obligations under any contract in whole or in part without the prior written consent of the University. Any attempted assignment or subcontracting shall be void.

6.14 Permits, Licenses, Taxes

The contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all federal, state and local governments in which work under this contract is performed.

The contractor must furnish certification of authority to conduct business in the Commonwealth of Kentucky as a condition of contract award. Such registration is obtained from the Secretary of State, who will also provide the certification thereof. However, the contractor need not be registered as a prerequisite for responding to the RFP.

The contractor shall pay any sales, use, personal property and other tax arising out of this contract and the transaction contemplated hereby. Any other taxes levied upon this contract, the transaction or the equipment or services delivered pursuant hereto shall be the responsibility of the contractor.

The contractor will be required to accept liability for payment of all payroll taxes or deductions required by local and federal law including (but not limited to) old age pension, social security or annuities.

6.15 Attorneys' Fees

In the event that either party deems it necessary to take legal action to enforce any provision of the contract and in the event that the University prevails, the contractor agrees to pay all expenses of such action including attorneys' fees and costs at all stages of litigation.

6.16 Royalties, Patents, Copyrights and Trademarks

The Contractor shall pay all applicable royalties and license fees. If a particular process, products or device is specified in the contract documents and it is known to be subject to patent rights or copyrights, the existence of such rights shall be disclosed in the contract documents and the Contractor is responsible for payment of all associated royalties. To the fullest extent permitted by law the Contractor shall indemnify, hold the University harmless, and defend all suits, claims, losses, damages, or liability resulting from any infringement of patent, copyright, and trademark rights resulting from the incorporation in the Work or device specified in the Contract Documents.

Unless provided otherwise in the contract, the Contractor shall not use the University's name nor any of its trademarks or copyrights, although it may state that it has a Contract with the University.

6.17 Indemnification

The contractor shall indemnify, hold and save harmless the University, its affiliates and subsidiaries and their officers, agents and employees from losses, claims, suits, actions, expenses, damages, costs (including court costs and attorneys’ fees of the University’s attorneys), all liability of any nature or kind arising out of or relating to the Contractor’s response to this RFP or its performance or failure to perform under the contract awarded from this RFP. This clause shall survive termination for as long as necessary to protect the University.

6.18 Insurance

The successful Contractor shall procure and maintain, at its expense, the following minimum insurance coverages insuring all services, work activities and contractual obligations undertaken in this contract. These insurance policies must be with insurers acceptable to the University.

COVERAGES	LIMITS
Workers’ Compensation	Statutory Requirements (Kentucky)
Employer’s Liability	\$500,000/\$500,000/\$500,000
Commercial General Liability including operations/completed operations, products and contractual liability (including defense and investigation costs), and this contract	\$1,000,000 each occurrence (BI & PD combined) \$2,000,000 Products and Completed Operations Aggregate
Business Automobile Liability covering owned, leased, or non-owned autos	\$1,000,000 each occurrence (BI & PD combined)

The successful contractor agrees to furnish Certificates of Insurance for the above-described coverages and limits to the University of Kentucky, Procurement Services. The University, its trustees and employees must be added as additional insured on the Commercial General Liability policy with regard to the scope of this solicitation. Any deductibles or self-insured retention in the above-described policies must be paid and are the sole responsibility of the contractor. Coverage is to be primary and non-contributory with other coverage (if any) purchased by the University. All of these required policies must include a Waiver of Subrogation (except Workers’ Compensation) in favor of the University, its trustees and employees.

6.19 Method of Award

It is the intent of the University to award a contract to the qualified offeror whose offer, conforming to the conditions and requirements of the RFP, is determined to be the most advantageous to the University, cost and other factors considered.

Notwithstanding the above, this RFP does not commit the University to award a contract from this solicitation. The University reserves the right to reject any or all offers and to waive formalities and minor irregularities in the proposal received.

6.20 Reciprocal Preference

In accordance with KRS 45A.494, a resident offeror of the Commonwealth of Kentucky shall be given a preference against a nonresident offeror. In evaluating proposals, the University will apply a

reciprocal preference against an offeror submitting a proposal from a state that grants residency preference equal to the preference given by the state of the nonresident offeror. Residency and non-residency shall be defined in accordance with KRS 45A.494(2) and 45A.494(3), respectively. Any offeror claiming Kentucky residency status shall submit with its proposal a notarized affidavit affirming that it meets the criteria as set forth in the above reference statute.

6.21 Auditing

The University, or its duly authorized representatives, shall also have access to any books, documents, papers, records, or other evidence which are directly pertinent to this contract for the purpose of financial audit or program review.

6.22 Confidentiality

The University recognizes an offeror's possible interest in preserving selected information and data included in the proposal; however, the University must treat such information and data as required by the Kentucky Open Records Act, KRS 61.870, et seq.

Information areas which normally might be considered proprietary, and therefore confidential, shall be limited to individual personnel data, customer references, formulae, and company financial audits which, if disclosed, would permit an unfair advantage to competitors. If a proposal contains information in these areas and the offeror declares them to be proprietary in nature and not available for public disclosure, the offeror should declare in the Transmittal Letter the inclusion of proprietary information and shall noticeably label as confidential or proprietary each sheet containing such information. Proposals containing information declared by the offeror to be proprietary or confidential, either wholly or in part, outside the areas listed above may be deemed non-responsive and may be rejected.

The University's General Counsel shall review each offeror's information claimed to be confidential and, in consultation with the offeror (if needed), make a final determination as to whether or not the confidential or proprietary nature of the information or data complies with the Kentucky Open Records Act.

6.23 Conflict of Interest

This Request for Proposal and resulting Contract are subject to provisions of the Kentucky Revised Statutes regarding conflict of interest and the University of Kentucky's Ethical Principles and Code of Conduct (www.uky.edu/Legal/ethicscode.htm). When submitting and signing a proposal, an offeror certifies that no actual, apparent or potential conflict of interest exists between the interests of the University and the interests of the offeror. A conflict of interest (whether contractual, financial, organizational or otherwise) exists when any individual, contractor or subcontractor has a direct or indirect interest because of a financial or pecuniary interest, gift or other activities or relationships with other persons (including business, familial or household relationships) and is thus unable to render or is impeded from rendering impartial assistance or advice, has impaired objectivity in performing the proposed work or has an unfair competitive advantage.

Questions concerning this section or interpretation of this section should be directed to the University purchasing officer identified in this RFP.

6.24 Copyright Ownership and Title to Designs and Copy

The contractor and University intend this RFP to result in a contract for services, and both consider the products and results of the services to be rendered by the contractor hereunder to be work made for hire. The contractor acknowledges and agrees that the work and all rights therein, including (without limitation) copyright, belong to and shall be the sole and exclusive property of the University. For any work that is not considered a work made for hire under applicable law, title and copyright ownership shall be assigned to the University.

Title to all dies, type, cuts, artwork, negatives, positives, color separations, progressive proofs, plates, copy and any other requirement not stated herein required for completion of the finished product for use in connection with any University job shall be the property of and owned by the University. Such items shall be returned to the appropriate department upon completion and/or delivery of work unless otherwise authorized by the University. In the event that the time of return is not specified, the contractor shall return all such items to the appropriate University department within one week of delivery.

6.25 University Brand Standards

The contractor must adhere to all University of Kentucky Brand Standards. University Brand Standards are maintained by the University Public Relations Office (UKPR) and can be viewed at <http://www.uky.edu/prmarketing/brand-standards>. Non-adherence to the standards can have a penalty up to and including contract cancellation. Only the UKPR Director or designee can approve exceptions to the University standards.

Graphics standards for the UK HealthCare areas are governed by UK HealthCare Clinical Enterprise Graphic Standards, found at: <https://ukhealthcare.uky.edu/staff/brand-strategy>.

Contractor warrants that its products or services provided hereunder will be in compliance with all applicable Federal disabilities laws and regulations, including without limitation the accessibility requirements of Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255) and Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, Part 1194. For purposes of clarity, updated regulations under Section 508 standards now incorporate WCAG 2.0, and for purposes of this agreement WCAG 2.0 Level AA compliance is expressly included. Contractor agrees to promptly respond to, resolve and remediate any complaint regarding accessibility of products or services in a timely manner and provide an updated version to University at no cost. If deficiencies are identified, University reserves the right to request from Contractor, a timeline by which accessibility standards will be incorporated into the products or services provided by Contractor and shall provide such a timeline within a commercially reasonable duration of time. Failure to comply with these requirements shall constitute a material breach of this Agreement and may be grounds for termination of this Agreement.

Where any customized web services are provided, Contractor represents that it has reviewed the University's Web Policy, and all products or services will comply with its published standards.

Contractor will provide University with a current Voluntary Product Accessibility Template (VPAT) for any deliverable(s). If none is available, Vendor will provide sufficient information to reasonably assure the University that the products or services are fully compliant with current requirements.

6.26 Printing Statutes

The purchase of printing services for all state agencies is governed by Chapter 57 of the Kentucky Revised Statutes. Specifically, all printing must be awarded to the lowest responsive bidder and approved by the Governor of Kentucky. In compliance with these statutes, all printing must be provided by a contract established by Procurement Services.

6.27 Payment Terms

The University adheres to a strategic approach regarding payables management based on risk minimization, processing costs, and industry best practices. As such, suppliers and individuals doing business with the University will be paid based on the following protocol:

1. The University utilizes Payment Plus (e-payables) as its primary default form of payment. By enrolling in Payment Plus, suppliers can receive payments immediately (all invoices will be paid immediately upon confirmation of goods receipt and invoice). The process is electronic and the supplier receives real-time payment notices. Additional information regarding Payment Plus (and enrollment form) can be found at: <https://www.uky.edu/ufs/payment-plus-supplier-enrollment-form>.
2. Payments by check. Payment terms for check payments are Net-30.
3. Individuals receiving payments from the University that require ACH direct payments will only be processed under special circumstances as approved by the Controller's office. Payment terms for ACH are Net-30.

7.0 SCOPE OF SERVICES

7.1 General

The successful offeror(s) should be eligible to contract to provide third-party servicers under this contract in accordance with all applicable federal laws and regulations and State statutes. The agency should agree to provide the services described in this Request for Proposal and required under the contract in accordance with applicable federal statutes and State laws throughout the duration of the contract.

The purpose of contracting for collection assistance is to increase the collection of seriously delinquent accounts through the use of professional collection techniques beyond the capabilities of staff at the University, while maintaining the proper relationship between the University and the debtor.

7.2 Service Partners

In discharging its responsibilities under the contract, the agency should provide timely and accurate information and services to borrowers and to University personnel. The agency should work cooperatively with the billing service used by the University, as well as with campus collection personnel. Currently, the University of Kentucky utilizes the billing services of Educational Computer Services, Inc. (ECSI) for its loan programs. SAP is the internal system used for student account receivables.

7.3 Types of Accounts Serviced

In addition to providing services for the Federal Perkins/NDSL, Health Profession, Primary Care, and Nurse Faculty Student Loan programs, the successful agency will be expected to provide collection services for both long and short-term Institutional Student Loan programs, as well as student account receivables.

7.4 Types of Placements

Collection agencies should agree to receive and work accounts as first agency placements, second agency placements, or both. All agencies that propose to receive placements should be capable of and prepared to pursue judicial remedies in the collection of student loans and student accounts receivable. Agencies authorized to pursue judicial remedies in the collection of UK accounts should take legal action in the name of the University of Kentucky. A collection agency will not be precluded from receiving both first agency and second agency placements, however no agency should be permitted to accept referral of a second agency placement for an account that previously had been referred to that agency as a first agency placement – unless the account was placed with a different agency in between.

7.5 Rehabilitation

Federal Perkins/NDSL accounts that are assigned to an agency for collection should be returned to the University after successful rehabilitation by the borrower, as defined in federal regulations (34 CFR 674.39). The University intends to ensure that, for any loan assigned to an agency for collection, the provisions for rehabilitation include payment of the contingency collection fee as well as an appropriate payment amount toward the balance of the loan during the rehabilitation period. The

agency will designate the appropriate payment amount based on parameters established by the University.

7.6 Referral of Accounts and Performance Review

Once contracts for collection services are negotiated, it is the responsibility of the University to ensure that accounts are referred to an appropriate collection agency, as deemed necessary. In an effort to promote maximum success in the collection effort, the University will analyze the performance of each collection agency under contract, enabling the University to consider each agency's performance when making additional referrals. Performance summaries will be compiled from reports provided by the collection agencies, by the University's billing service, and by its internal system, SAP.

7.7 Experience and Knowledge

The agency must be able to demonstrate experience in providing comprehensive and satisfactory student loan collection services and a comprehensive knowledge of the Federal Perkins/NDSL regulations as contained in the Higher Education Act of 1965 (HEA), as amended, and applicable regulations (e.g., 34 CFR Parts 674 & 668). The agency must also be able to demonstrate experience and knowledge with respect to collection of federal Health Profession, Primary Care, and Nurse Faculty Student Loans, as well as Institutional Loan programs and student account receivables.

The agency should have been established and in the business of performing collection services for Federal Perkins/NDSL, Health Profession and/or Primary Care Loans, Nurse Faculty Student Loans, Institutional Student Loans, and student accounts receivable for a minimum of five (5) years.

7.8 Administrative Capability and Responsibility

The agency should demonstrate sufficient administrative capability, knowledge, and resources to ensure the University that it can perform under the contract in compliance with all applicable statutes and regulations as well as with the terms and conditions of the contract.

The agency should not have had its eligibility to contract for the administration of any Federal Title IV, HEA program limited, suspended, or terminated under 34 CFR 668 subpart G. The agency should certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in providing the services requested under this RFP by any federal department or agency.

The agency should not have been cited during the preceding five years for failure to submit audit reports required under Title IV of the HEA in a timely fashion.

The agency should not, during the agency's two most recent audits of the agency's administration of the Title IV, HEA programs, have had an audit finding that resulted in the agency's being required to repay an amount greater than five percent of the funds that the agency administered under the Title IV, HEA programs for any award year.

The agency should provide all services in a timely fashion and in full compliance with all provisions of Title II of the National Defense Education Act of 1958 and Title IV of the Higher Education Act of 1965, as amended, including all current regulations, policies, and administrative guidelines issued by

the U.S. Department of Education. To this end, the agency should maintain a file of current federal regulations, policies and procedures. The agency should also understand, comply with, and maintain a file of all laws, regulations, policies, and procedures pertaining to the Health Profession, Primary Care, and Nurse Faculty Loan programs. The agency should comply fully with all other federal and state laws that relate to these programs and debt collection practices.

7.9 Financial Capability and Responsibility

The agency must demonstrate sufficient financial responsibility to perform under the contract and compliance with all applicable statutes and regulations governing bonding requirements and audits.

The agency should comply with all applicable audit requirements governing federal student loan programs including 34 CFR 668.23 and, during the period of the contract, should provide two complete copies of each annual compliance audit to the University.

The agency should document current fidelity bond coverage in an amount not less than two months of loan collections for accounts currently being serviced. The agency should indicate the value of two months of loan collections for accounts currently being serviced and provide evidence of employee fidelity bond coverage in the response to this RFP.

The agency should agree to obtain a blanket fidelity bond that will be sufficient in amount to comply with the provisions of 34 CFR 674.48(f). The agency should agree to obtain and maintain a fidelity bond in the amount of \$100,000, naming the University as beneficiary, from an insurer with an AM Best rating of A-VII or higher. The amount of the bond should be increased, if necessary, in order to ensure that it at all times meets or exceeds the standards of coverage required for the Federal Perkins/NDSL loan program of 34 CFR 674.48(f). The University will apply this standard of coverage to all collections on University accounts. Should collections on University accounts average substantially less than \$100,000 for a two-month period, the University will consider permitting the agency to reduce the amount of the bond.

The agency should provide, on at least an annual basis, satisfactory evidence of the required fidelity bond to the University during the period covered by the contract.

7.10 Authorization to Collect By State/Location

Because of the mobility of its borrowers and other debtors, the University wishes to ensure that collection activities can be pursued over the broadest area possible. The collection agency should be able to provide comprehensive geographical coverage.

The agency should pursue collection efforts and, if applicable, appropriate judicial remedies in accordance with its contract with the University in all fifty states of the United States, as well as any other locations outside the United States where the agency is authorized to conduct such activities.

The agency should provide the University with information regarding all physical and/or business locations from which the agency will conduct collection, accounting, and data processing activities under this proposal and any resultant contract.

Upon request, the agency should provide a copy of any required or applicable collection agency or business licenses, letters of authority, registrations, permits or bonds to the University.

7.11 Staffing, Training, and Client Consultation

The agency should have and maintain a sufficient number of trained collection staff to perform the activities required under the proposal.

The agency should provide, at the request of the University and at the expense of the agency, for a representative at the senior management level to meet as frequently as quarterly with University-designated personnel for the purpose of exchanging information, ideas, and concerns regarding the provision of student loan and student account collection services and the conduct of the contract in order to ensure the adequacy and to promote improvement in service levels available to University of Kentucky debtors and campus personnel.

7.12 Demonstrated Collection Performance

In addition to ensuring that collection activities are conducted in a manner that ensures compliance with Federal and state law, the University is concerned that agencies demonstrate a consistent, successful record of recovering student loans and student account receivables.

The agency should attempt to ensure the maximum collection rate possible for referred accounts given the nature of the account and the financial circumstances of the debtor.

7.13 Confidentiality and Information Security

The Federal Family Educational Rights and Privacy Act (FERPA), Title 20, United States Code, Section 1232g, provides for protection of data regarding students and educational loan recipients.

The sensitive and critical nature of the data maintained by the agency necessitates security provisions to prevent any unauthorized access to or modification of the data. Prudent data processing practices also demand that the agency provide routine back up of any electronic data and systems files as well as the development of a disaster recovery plan.

The agency should acknowledge the privacy rights of educational loan recipients and agree to maintain the confidentiality of University and borrower records and data derived from such records in accordance with state and federal statutes and regulations. The agency should not release the records of individuals or information from individual records without ensuring full compliance with all federal and state privacy laws and regulations.

The agency should comply with the restrictions in federal law (Title 26, United States Code, Section 6103(m)(4) and (5)) applicable to addresses obtained by the University from the federal Internal Revenue Service and acknowledges the substantial penalties that may be assessed by using the addresses for purposes other than billing and collecting the student loan (Title 26, United States Code, Section 7213).

The agency should have and maintain a system or procedures to ensure that access to data it maintains is restricted to authorized campus personnel, the agency's authorized personnel and auditors, or other personnel where the University expressly authorizes access in writing.

The agency should provide for regularly scheduled back up of all data and systems and should have and maintain a comprehensive disaster recovery plan that provides for minimal loss of data and minimal disruption in service in the event of a disaster affecting either the agency or the campus.

7.14 Use of Subcontractors

All subcontractors used by the agency to fulfill the requirements of this proposal and any resultant contract should be identified to and approved by the University.

The University's right to approve or deny the use of any subcontractor is a decision separate and apart from approval of this proposal.

7.15 Referral of Accounts

If debtors fail to respond satisfactorily to billing procedures, institutions are required to undertake more intensive collection procedures using either institutional personnel or the services of a collection agency. If the institution or the collection agency cannot convert the account to regular repayment status by the end of twelve months, the institution may either litigate or make a second collection effort.

The agency should provide the University with an electronic acknowledgment of each referred account within three (3) business days after the University refers the account to the agency.

In referring accounts, the University will normally provide the following information: student name, social security number/account number, last known address and phone number, type of debt, loan program code, loan number, the total amount due, and the last payment date. This information will typically be obtained through the agency's communications with the University's billing service, either online or on paper. The agency code used with the billing service will indicate if it is a first or second referral. For student account receivables, the referral information will come from the SAP system, and should also include date of default for potential credit reporting.

The agency's records and reports must reflect the account number used by the University and its billing service (loans) that is at maximum a sixteen-digit number (typically a five-digit program number, nine-digit SSN or randomly assigned number, and two-digit sequence code) and/or the account number randomly assigned by the billing service. For student account receivables, the maximum number of digits in the account number is either nine (social security number) or eight (student number).

7.16 Account Review and Follow-up

The University of Kentucky requires that the agency, upon receipt of a referred account, promptly undertake, through proper and lawful means, diligent collection procedures to achieve a maximum recovery on all accounts referred by the University without regard to the dollar amount of the account.

It is mandatory that the agency attempt contact with the referred debtor within ten (10) working days after placement by the University.

Upon establishing contact with the borrower, the agency should ensure that the borrower is reminded of his or her benefits under the terms and provisions of the loan program including deferments, cancellation, forbearance, consolidation, and rehabilitation.

The agency should review and actively work on each account at least once each twenty (20) working days. Each review and work activity should be documented when taken and this documentation should be made available to the University at reasonable times.

The agency should forward any request for deferment, cancellation, or forbearance to the University or its billing service within five (5) working days of receipt of such a request.

The agency should notify the University within five (5) working days in the event of discovering a debtor's death. The notification should include as much detailed information as possible, minimum date of death and state where death occurred.

The agency should consult and work closely with the University with respect to requests from borrowers to rehabilitate a Federal Perkins Loan, ensuring compliance with parameters established by the University.

The agency should notify the University monthly of any new addresses or telephone numbers associated with accounts assigned by the University to the agency.

7.17 Collection Procedures

In assigning accounts, the University requires that the agency pursue available collection activities to demonstrate due diligence in the collection of the debt and comply with provisions of the Fair Debt Collection Practices Act and applicable state statutes and regulations.

The agency should pursue collection of Federal Perkins/NDSL, Health Profession, Primary Care, Nurse Faculty, and Institutional Loan accounts, as well as student account receivables referred by the University, in accordance with due diligence requirements and conformance with the requirements of the Fair Debt Collection Practices Act and all other applicable federal and state laws. The agency should not, under any circumstances, use threats, intimidation, or harassment of the debtor in the collection of accounts.

The agency should pursue collection in such a manner as to ensure the total outstanding debt and associated collection costs are paid in full in an expeditious manner. The agency should make every effort to avoid establishing long-term payment plans.

Credit Bureau Reporting:

The agency should have the capability of reporting student accounts receivable placements (only) with all major credit reporting entities, at no additional cost to the University.

The University of Kentucky will determine which accounts will be reported to the bureaus via written parameters such as debt type, number of days past due and minimum balance size. To comply with federal regulations the University must provide the collection agency with the debtor's Social Security number and the first date of delinquency leading to default for each account. Credit bureaus do not accept accounts without this data, which is used to track the seven-year limitation on reporting data to credit bureaus. If the University requests credit bureau reporting, the agency must list the account with the credit bureaus as a collection item. The account will continue to be updated only as long as

it remains a collection item with the collection agency. If the account is paid in full (PIF) or settled in full (SIF), it will remain on the account holder's credit report for seven years.

The collection agency will remove an account from the bureaus if certain conditions are met, including, but not limited to, the following:

- account has been closed for retention as uncollectible; or
- account has been recalled and returned to the University as placed in error.

If an account is disputed by a debtor, the collection agency will update the account to stop collection activity while the disputed account is investigated for validity. The collection agency takes full responsibility for the Validation of Debt. The agency will secure proof of debt from the University and the validation of debt is provided to the debtor. Upon conclusion of investigating the disputed account, the collection agency may remove the account from the three major credit bureaus if the University is unable to provide validation or proof of a just binding and legal debt. However, if the investigation supports the debt as a valid and just binding-legal debt, the account will remain on the credit report and collection activity will resume.

Pre-Collection Services:

The agency should have the capability of providing a pre-collection letter writing service (student account receivables only) at no additional cost to the University. The letter should be a courtesy notice that states the amount due, as stipulated by the University. No collection costs should be added at that point. The notice will appear to come from the University, with University contact information, and will give the debtor 30 days to pay their account directly to the University. It should be made clear that if not paid within the 30 days, the account will then incur collection costs and state the name of the agency that will take over collection of the account.

7.18 Restrictions on Collection Activities

In certain instances, the institution and/or its agency must restrict or limit collection activities. When the institution and/or its agency receives notice that a debtor has filed for protection under the Bankruptcy Code, the institution and its agency must cease all collection efforts outside of the bankruptcy proceeding.

Collection activities on the part of an agency must not in any way limit or compromise the institution's interest in the loan/student account or its ability to pursue all available avenues of collection.

The agency should immediately temporarily suspend all collection activity, on a student loan account (only) in which the debtor has filed a petition for bankruptcy, upon receipt of reliable information that a petition has been filed. The agency may resume collection activity on student loan accounts (only) upon receipt of reliable information that the petition has been discharged or dismissed.

The agency should immediately close and return a student receivable account (only) in which the debtor has filed a petition for bankruptcy, upon receipt of reliable information that a petition has been filed.

Should the agency receive notification that a debtor has filed for bankruptcy from a source other than the University, the agency should immediately notify the University and forward copies of all relevant documents to the University, including any notice received. Such documents should be forwarded within two (2) working days.

If a judgment has been entered on the account, and the account has not otherwise been recalled, the agency should, upon receiving the notice of filing, contact the University to determine if the agency may retain the account. Unless the account was recalled, the agency may resume collection activity on retained accounts when an automatic stay period has expired.

The agency should provide the University within two business days of receipt copies of any document received by the agency, from any source other than the University, regarding a debtor filing for bankruptcy. The agency should acknowledge the importance of rapid, same day or near same day turnaround of such documents including the fact that lending institutions may lose important rights to object to or participate in bankruptcy distribution plans. Should the agency hold a Chapter 13 Notice of Bankruptcy Case Meeting of Creditors and deadlines into the third day after receipt, the agency agrees to inform the University of the Notice and agrees to electronically transmit a copy of the Notice to the University.

In pursuing collection of an account, the agency should attempt to obtain a signed payment agreement from the debtor and should provide the University with a copy of the agreement.

The agency should not enter into any agreement with a debtor which may restrict or foreclose the University from exercising its right to offset monies the state owes the debtor, or which restricts or forecloses the University from withholding services until the entire delinquency is repaid.

The agency should not agree to a compromise settlement or waive any collection costs or charges without prior written authorization from the University.

7.19 Recording, Depositing, and Remitting Collections

Institutions are charged under federal statute and regulations with exercising the level of care and diligence required of a fiduciary regarding maintaining and investing Title IV student aid program funds (34 CFR 668.163). This standard of conduct includes safeguarding all funds collected by its employees and contractors. Third-party agencies that contract with an institution for the administration of Title IV student aid programs are also required to act with the competency and integrity necessary to qualify as a fiduciary (34 CFR 668.82).

In contracting for collection services, the institution is not relieved of its fiduciary responsibilities for federal student loan funds or for funds owed to the University. Third-party agencies used in the collection of federal student loan funds are subject to many of the same requirements that institutions must comply with in the handling of federal funds.

For all accounts referred by the University, the agency should post each payment to a debtor's account and deposit the proceeds into the appropriate bank account within twenty-four (24) hours or one business day of receipt.

The agency should establish and continuously monitor any lockbox and remittance banking arrangements necessary for the receipt and handling of payments from University borrowers or other debtors.

The agency should be responsible for the safekeeping of the payments made by University borrowers, or other debtors, from the time the payments are in the possession of the agency or its subcontracted servicer(s) until the funds are remitted to the University or its billing service.

The agency should ensure that all procedures employed to handle, record, and transfer payments made by University borrowers, or other debtors, are in compliance with generally accepted accounting and auditing principles and, in the case of federal student loan payments, any federal statutes and regulations that pertain to the student loan program.

The agency should maintain a client trust account, according to the provisions set forth in the Higher Education Act of 1965, as amended, including all implementing regulations, policies, and administrative guidelines issued by the U.S. Department of Education, the sole purpose of which should be the deposit of all monies collected on accounts referred by the University. The client trust account is subject to, and should meet, all requirements of applicable United States and State of Kentucky laws and regulations.

The agency is not authorized to establish any bank account in the name of the University unless such authorization is in writing from the University. The agency may, however, name the University as a beneficiary to a trust account, established by the agency for the sole purpose of retaining the University account repayments until those funds are transferred to the University or its billing service.

Any bank account into which funds received on behalf of University borrowers or other debtors are deposited should meet the following criteria:

- All bank accounts must be insured.
- If Federal funds, e.g., Federal Perkins/NDSL Loan repayments, will be deposited into the account, the agency should ensure that either the name of the bank account clearly discloses the fact that Federal funds are deposited into it or the bank is notified, in writing, of the names of the accounts into which Federal funds are deposited. In the case of the latter, the agency should provide a copy of the written notification to the University; and
- If the bank accounts are interest bearing, all interest earnings should accrue to the University.

The agency should remit to the University, or to the billing agent designated in writing by the University, by the 3rd business day of each month, the full amount collected on each account during the prior calendar month. A separate remittance should be made for each program or fund for which payments are received.

The agency should prepare a detailed report of payments recorded for each program or fund and include that report with each remittance. The agency should submit copies of the remittance reports to the University at the same time they are remitted to the designated billing agent. The required method of remittance is by ACH to the University, with reports available on a web site (by the 3rd business day of the month) to which University personnel are granted access.

The remittance report should identify the debtor and account number, the total amount of the payment, the amount of the portion of the payment to be posted to collection cost paid by the debtor, the amount of the agency's contingency fee, and the amount remitted to the University. The agency should include a sample of this report with the response to the RFP.

In no event is the agency or any of its subcontractors permitted to retain collections on the University's accounts past the 15th day of the following month. If an agency or any of its subcontractors retains any collections owing to the University past the 15th day of the following month, the agency should be liable to the University for an appropriate amount of presumed interest earnings regardless of whether the funds were retained in an interest-bearing account. If an agency or any of its

subcontractors retains any collections owing to the University for more than 45 days in an account that was not interest bearing, the contract should be subject to immediate cancellation.

Any amounts received by the agency that are in excess of that which is due and payable are overpayments and should be forwarded to the University in full with an explanation that the amount is an overpayment. The agency is not entitled to and should not deduct, withhold, or otherwise claim any contingency fee on any overpayment.

7.20 Information Management and Data Processing Capabilities

Institutions are required to retain a repayment history for each debtor that shows the date and amount of each repayment over the life of the loan, the amount of each repayment credited to principal, interest, collection costs, and penalty or late charges. The repayment history is also to reflect the date, nature, and result of each contact with the debtor in the collection of an overdue loan as well as copies of all correspondence to or from the debtor, except bills, routine overdue notices, and routine form letters.

Increasingly, the maintenance of requisite data and the servicing of student loan accounts/student accounts require sophisticated and reliable information management and data processing capabilities on the part of the agency. Federal statutes and regulations demand that extensive data be retained to document due care and diligence in the collection of federal student loans, and variations in University procedures and preferences call for certain flexible options in fulfilling the servicing and reporting needs of the University.

The agency should maintain records for all accounts referred by the University indicating the original balance referred, plus any additional charges which include, but are not limited to, collection charges, commissions, court costs, and attorney fees.

The agency should provide for compliance with record keeping and document retention provisions of 34 CFR 674.19 and 34 CFR 668.24 with respect to the Federal Perkins and NDSL accounts, and 42 CFR Part 57 for Health Profession, Primary Care, and Student Loans.

The agency should have established systems with internal control structures that ensure compliance with all applicable federal statutes and regulations governing the administration of federal student loan programs.

The agency should provide for recording, reconciling, and reporting of financial information and transactions in accordance with good business practices and generally accepted accounting principles.

The agency should maintain a complete file for each referred account for a minimum of one (1) year after the account has been returned to the University. Such records should meet audit standards acceptable to federal and state agencies.

To the extent practicable, the agency should make use of the ability to access records and reports made available electronically by the loan billing service utilized by the University.

The agency should reconcile and verify its records each month with records supplied by the University or its designated billing service to ensure that the names, account numbers, referred amounts, transactions, and balances of each account are correct.

The agency should make all adjustments and corrections to debtors' accounts within five (5) business days of notification of such needed action.

Any required adjustment to an account in each program should be made only against monies from that same program. If no money is collected for a program for a period in which an adjustment must be made, the adjustment must be invoiced separately.

The agency should permit the University or its designated agent to examine the agency's records relative to the University's accounts at reasonable times.

The agency should retain a copy of all documentation received from the University, the debtor, or other sources regarding each account on the agency's system for the requisite period.

Original documents that the agency receives from the debtor and other sources other than the University should be forwarded to the University. An electronic image of the original document may be transmitted to the University in lieu of the original document.

The agency should be required to provide a copy of any document retained by the agency to the University within five (5) business days of receipt of a request for the document.

7.21 Reporting Requirements

For institutions participating in federal student aid programs, contracting with "third-party servicers" does not relieve the institution from any responsibility for compliance with program requirements. It is essential that the participating institution maintain access to data essential to documenting compliance with eligibility determination, program administration, and the requisite financial and administrative standards. For student loan programs the institution must also be able to document that "due diligence" has been performed in collection efforts.

All monthly reports must be available electronically in Excel format by the 3rd business day of each month.

The agency should provide a standard "Status Report" to the University on a monthly basis that includes all accounts currently referred to the agency and reflects the current status of the account, all debits (including penalty charges, late fees, interest, principal, collection, and court costs) and credits by type of payment (e.g. borrower, other) to the account during the previous month, and the balance as of the end of the previous month. The status report should also reflect the last activity for the account (i.e., deferment, cancellation, bankruptcy, or other non-payment adjustment) and the last date of payment by the debtor. The report must separate Federal Perkins/NDSL accounts, Health Profession/Primary Care, Nurse Faculty and Institutional Long-term Loans, Institutional Short-term Loans, and student account receivables, and must be organized in alphabetical order by the debtor's last and first names.

The agency should also provide a standard "Inventory Report" to the University monthly that includes all accounts currently assigned to the agency. The report should either segregate active and inactive accounts or be generated separately for active and inactive accounts.

For reporting purposes, the agency should purge inactive accounts at the end of each fiscal year and provide a separate "Inventory Report" of the purged accounts.

The agency should provide a monthly report to the University detailing accounts designated by the University as Federal Perkins “cohort accounts”. In addition to balances due, this report must include the date and type of last activity, as well as the most recent action by the agency’s collection staff.

The agency should provide a monthly “Collection Analysis” report to the University that provides information on its performance under the contract for all accounts referred by the University. The report should differentiate between first and second agency placements and the type of account assigned (i.e., Federal Perkins/NDSL, Health Professions/Primary Care Loans, Nurse Faculty Loans, Institutional Long-term Loans, Institutional Short-term Loans, and student account receivables). This report should also be available at other times upon demand of the University. The University may also request a special format for this information.

The agency should provide a “Cancel and Return” report to the University that lists each account recalled, returned, or canceled, the date of return, the specific reason for return, the date the account was referred, the total amount of referral, the balance of the account, and the status of the account.

7.22 Customer Service

In managing student loan accounts and student account receivables, the University is committed to providing borrowers with timely, accurate, and courteous service. The University expects its third-party agencies to exhibit the same commitment to debtors and to their institutional clients.

The agency should provide debtors and client personnel with excellent service to ensure that:

- Debtors know and understand their rights and responsibilities.
- Communication of information to debtors is accurate, timely, and courteous; and
- Customer complaints are acted upon immediately to correct errors or omissions and to change work practices and processes to eliminate the causes of the customer complaint.

The agency should provide debtors with a toll-free telephone number and on-line portal access to contact the agency.

The agency should provide toll-free telephone access by which University personnel can contact the agency for assistance with respect to individual accounts. The agency should provide the University with current contact information including the name, telephone number, and e-mail address for the agency’s personnel to whom various questions and requests should be directed. This information should be routinely updated as necessary during the period of the contract.

7.23 Cancellation and Return of Data

Upon conclusion or termination of the contract the agency will be responsible for returning all data associated with University accounts.

The agency should return individual accounts to the University as uncollectible when all reasonable attempts to collect or locate the debtor have been exhausted.

The agency should not retain an account for more than twelve (12) months for a primary referral or twelve (12) months for a secondary referral, and will automatically cancel and return the account unless one of the following has occurred as a result of the agency's activities:

- Payments have been received.
- A written payment agreement has been executed with, and signed by the debtor, and the debtor is making timely payments.
- Legal action is pending, or a judgment has been entered; or
- Payment is assured because of an ascertained future event, provided the agency has diligently complied with requirements necessary to ensure payment of the claim upon the occurrence of such event, and that the event is documented or justified to the University's satisfaction.

Upon termination of the contract, the agency may retain paying accounts for thirty (30) calendar days after the date of expiration or termination of the contract. Accounts that are being actively litigated and accounts on which the agency has obtained judgments that are being actively collected may be retained beyond the thirty-day period for a reasonable time as determined by the University.

The University should have the right to recall any individual or groups of accounts from the agency, without charge or penalty, when any of the following circumstances occurs:

- Fifteen (15) or fewer working days have elapsed since the agency acknowledged receipt of the accounts.
- It is discovered that an account has been placed for a second agency collection effort with the same agency that provided the first agency placement effort.
- Twenty-four (24) months have elapsed since the agency obtained a judgment on an account and no monies have been collected on said account.
- The University has determined that the account is publicly sensitive or that the best interests of the University would not be served by the agency's efforts.
- The account is owed by a debtor who has filed a Chapter 7 or Chapter 13 bankruptcy petition, including those accounts on which judgment has been entered.
- The account has been brought current through cancellation, deferment, forbearance, or the recalculation of the debtor's repayment plan as provided by the terms of the loan program.
- The Federal Perkins/NDSL account has been successfully rehabilitated.
- The account was placed in error; or
- The University has determined that due diligence has not been exercised by the agency.

The agency should provide a "Cancel and Return Report" to the University that lists each account recalled, returned, or canceled, the date of return, the specific reason for return, the date the account was referred, the total amount of referral, the balance of the account, and the status of the account.

The agency should also provide individual debtor “cancel and return” forms for placement in individual debtor files, upon request.

The agency should, for each recalled, returned or canceled account, transmit to the University any original media provided by the University, the most recent known addresses and telephone numbers for the debtor, and detailed documentation of all collection efforts. All materials that relate to a returned or canceled account should be bundled together and returned at the same time.

7.24 Pursuing Judicial Remedies

For the Federal Perkins/NDSL program, if collection procedures on a defaulted loan do not result in the repayment of a loan or in converting the loan to regular repayment status, institutions are required to determine at least once a year, based on conditions specified in 34 CFR 674.46, whether to sue the borrower. Institutions are not precluded from suing the borrower even if the specified conditions are not met.

Institutions are not precluded from suing the borrower if collection activity has been pursued for twelve (12) months without converting the account to regular repayment status and the borrower does not qualify for deferment or cancellation of the loan.

The University should expect that any agency authorized to receive accounts referred as placements will be capable of and will pursue judicial remedies whenever appropriate. This applies to all types of debts that may be referred to the agency, including Federal Perkins/NDSL, Health Profession Loans, Primary Care Loans, Nurse Faculty Loans, Institutional Loans, and student account receivables.

The University requires that the agency obtain an “Authorization to File Suit” that has been reviewed and approved by the appropriate University official, prior to initiating any legal action, proceeding, or arbitration.

Prior to submitting the “Authorization to File Suit” to the University for approval, the agency should have performed a thorough search for all assets of the debtor and should include all information regarding the types and amounts of assets located for the debtor on the authorization form.

The University will provide the agency with certified true copies of promissory notes and other documents required for litigation.

Any legal action, proceeding, or arbitration should be initiated within thirty (30) calendar days after authorization by the University, or the “Authorization” will expire. All follow-up activity related to litigation should be undertaken in an appropriate and timely manner.

Any legal action related to accounts for which the suit has been authorized should be brought in the name of the University.

The agency should inform the University in advance of any court dates set for accounts for which a suit has been authorized.

The agency should notify the University in writing of any activity taken within fifteen (15) calendar days of such actions, should send the University copies of all legal documents filed with the court, such as the summons and complaint, judgment, writ of execution, stipulation, etc. within fifteen (15)

days of filing, and should forward the University copies of all other relevant documents within fifteen (15) days of receipt of the document.

The agency should be responsible for advancing all court costs and attorney fees. If an account is successfully litigated, the agency should be reimbursed for advanced court costs and attorney fees as the final installment after the debt has been satisfied. The agency should not assess penalties or late fees without prior written authorization by the University to do so.

The agency should be responsible for enforcing judgments and, if a judgment is satisfied, the agency should prepare and file a Satisfaction of Judgment or other appropriate legal document. If appropriate, the agency should renew any judgment not collected prior to its expiration date. If the agency fails to renew a judgment prior to its expiration date, the agency should reimburse the University for any amount rendered reasonably uncollectible due to the expired judgment.

In returning judgment accounts to the University, the agency should provide appropriate substitution of attorneys' documentation.

The agency should provide the University, at least once each quarter, with a Litigation Report that lists all accounts for litigation, and reflects all litigation related and collection activities performed on each account. The Litigation Report should also reflect the amount submitted for litigation, status of litigation process, amount of legal fees awarded, amount received for legal fees, amount received toward payment of outstanding balance, and outstanding balance of the account. The report should include the dates of judgments entered and the dates that the judgments will expire.

8.0 FINANCIAL OFFER SUMMARY

The following information is provided to ensure that all agencies understand the University’s policies and procedures relative to collection costs and contingency fees prior to completing a response to this RFP and potentially entering into a contract with the University for the provision of collection services.

Offerors are to provide a fixed price for the services offered. Offeror may attach documentation for Section 7 to provide support for the firm fixed price bid.

8.1 Computation of Contingent Collection Costs

The University requires that all contingency fees, regardless of debt type, fall within the acceptable parameters to meet Federal Perkins regulation caps. Therefore, the University is stipulating a preferred fee structure for bids. Should regulations change in the future, the agency must adjust contingency fees if necessary to keep the University in compliance. The University will place only the balance of the account to be collected with the agency, not the balance plus the total allowable contingent collection costs. The agency is expected to add collection costs to the balance to be collected, sufficient to keep the loan or student account receivable fund “whole”. The following are two examples:

Example 1 1 st & 2 nd Referral Agency Contingency Fee = 20%	
University refers principal, interest, late fees, and institutional collection costs	1,000.00
Agency adds collection costs of 25.00 % (to recover contingency fee of 20%)	250.00
Total amount agency is to collect	1,250.00
Debtor pays in full	1,250.00
Agency charges/retains contingency fee of 20%	(250.00)
University receives total amount originally referred, keeping account whole	1,000.00

Example 1 Litigation Agency Contingency Fee = 28.57%	
University refers principal, interest, late fees, and institutional collection costs	1,000.00
Agency adds collection costs of 40% (to recover contingency fee of 28.57%)	400.00
Total amount agency is to collect	1,400.00
Debtor pays in full	1,400.00
Agency charges/retains contingency fee of 28.57%	(400.00)
University receives total amount originally referred, keeping account whole	1,000.00

8.2 Application of Payments

Per student loan regulations, when the agency receives a payment from a debtor, that payment should be distributed in the following order:

1. Collection Agency Costs (associated with that payment)
2. Institutional Collection Costs
3. Late Fees
4. Accrued Interest
5. Principal

8.3 Guidelines for Cost Proposals

It is essential that all agencies present their proposed cost for services under the RFP in accordance with the above guidelines and on the following “Preferred/Proposed Contingent Collection Fee Schedule”. The Financial Proposal submitted should follow the RFP format as listed in Section 8.4.

8.4 Preferred/Proposed Contingent Collection Fee Schedule

Federal Perkins, Health Profession, Primary Care, Nurse Faculty, Institutional Student Loan Accounts, and Student Account Receivables

	<u>University Preferred</u>	<u>Agency Proposed</u>
First & Second Referrals	20%	_____
Litigation Accounts	28.57%	_____

8.5 Additional Services

Cost

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

8.6 Contingency Fee Payment Methods

Submit a proposed contingency fee payment schedule (acceptable methods of payment, if applicable, from the University). Describe all contingency fee payment options, i.e. ACH, credit card.