

Delinquent Property Tax Collection Program Follow-up Report

Final Report

December 23, 2015



OIG NEW ORLEANS OFFICE OF
INSPECTOR GENERAL

E. R. Quatrevaux, Inspector General

OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



ED QUATREVAUX
INSPECTOR GENERAL

December 23, 2015

Re: **Follow-up Report: Evaluation of the City of New Orleans Delinquent Property Tax Collection Program**

I certify that the inspector general personnel assigned to this project are free of personal or other external impairments to independence.

A handwritten signature in blue ink, appearing to read "E.R. Quatrevaux", positioned above the printed name.

E.R. Quatrevaux
Inspector General

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The Office of Inspector General (OIG) conducted a follow-up to its “Evaluation of the City of New Orleans Delinquent Property Tax Collection Program.” Issued in March 2013, the original report found that:

- The City’s contract with Strategic Alliance Partners (SAP) cost over ten times more than the cost of basic delinquent tax collection services;
- The City cancelled a 2008 Request for Proposals (RFP) that included a proposal that would have cost approximately \$1,000,000 less per year;
- The City issued payments to SAP without the detailed monthly invoices required by its contract;
- SAP’s outgoing phone calls increased payments by less than 0.05 percent over the period of increased calls;
- The City did not adjudicate properties as permitted by state law, thereby increasing the cost of collection; and
- The City delayed tax collection by not conducting the tax sale at the earliest opportunity allowed by state law.

In light of these findings, the original report included recommendations to increase the efficiency of the City’s delinquent tax collection program. The purpose of this follow-up report was to determine the extent to which the City implemented the recommendations the OIG made in response to the report’s findings in March 2013.

Evaluators found mixed results after the follow-up process. The City was successful in implementing changes to increase the effectiveness of the delinquent tax collection program. Although the City initially rejected the recommendation to adjudicate and sell property, it began holding adjudicated property sales in 2015. By November 2015, the auctions resulted in more than \$12 million in sales. The sale of adjudicated property not only brought in revenue, it also demonstrated the City’s commitment to enforcing tax law: in the weeks preceding the City’s July auction of adjudicated properties, the City collected an additional \$1.2 million from delinquent accounts.

According to the Mayor:

The City’s first-ever on line adjudicated property auction was a resounding success This process will ... help strengthen our communities and collect important revenue for the City to

invest ... in community revitalization, public safety, street repairs, and parks and recreation.¹

In addition, the City held its tax title sale in the spring following the tax year rather than waiting until the fall. This decreased the overall time it took to collect taxes and brought revenue to the City earlier.

However, the City did not implement recommendations to reduce the cost of the collection program. The City issued a new request for proposals (RFP), but it contained deficiencies and ambiguities that may have favored the incumbent contractor. In addition, the pricing structure in the approved contract was different from the pricing structure in the proposal. The resulting pricing structure was still significantly higher than the OIG's estimated cost of collections.

The City also continued to issue payment to the contractor without detailed monthly invoices. The lack of detailed invoices contributed to the City's lack of success in procuring a less expensive contract when it issued a new RFP for tax collection services. The City could have been more specific when defining the amount of work in its RFP if the City had more information about the amount of work it took to collect delinquent taxes.

The City implemented some OIG recommendations, and there were improvements in the program: for example, the entire delinquent property tax collection program should operate in a more efficient and effective manner if the City continues to sell adjudicated property. However, the City's delinquent tax collection program continues to cost more than it should, and an improved RFP process could decrease these costs.

¹ City of New Orleans, "Almost 80 Properties Sold in First Online Auction for Adjudicated Properties," July, 2, 2015, <http://www.nola.gov/mayor/press-releases/2015/20150702-pr-auction-update/>.

I. OBJECTIVES, SCOPE, AND METHODS

The Office of Inspector General for the City of New Orleans (OIG) conducted a follow-up to its “Evaluation of the City of New Orleans Delinquent Property Tax Collection Program” (March 2013). The objective of this follow-up report was to determine the extent to which the City implemented OIG recommendations to improve the efficiency and effectiveness of its collection program for delinquent property taxes.

The scope of this follow-up report included the City’s collection of delinquent taxes for real, non-movable property for the 2013 and 2014 tax year cycles.²

Evaluators obtained documents from the Bureau of Purchasing and Treasury Department in response to requests for information issued pursuant to Sections 2-1120(18) and (20) of the Code of the City of New Orleans and state statute La. R.S. 33:9613. Specifically, evaluators obtained the following records:

- Documents related to the April 2013 Request for Proposal (RFP) for Ad Valorem Tax Sale and Related Services including proposals, selection committee member scoring sheets, and selection committee meeting minutes; and
- Copies of collection contractor payments, invoices, and supporting documentation.

This report was performed in accordance with *Principles and Standards for Offices of Inspector General for Inspections, Evaluations and Reviews*.³

² The OIG issued the initial report in March of 2013 and delinquent properties were referred to the collections contractor in April of 2013.

³ Association of Inspectors General, “Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General,” *Principles and Standards for Offices of Inspector General* (New York: Association of Inspectors General, 2004).

II. INTRODUCTION

The Office of Inspector General's (OIG) "Evaluation of the City of New Orleans Delinquent Property Tax Collection Program," released in March 2013, included the following findings:

- 1) The City's contract with its delinquent tax collection contractor, Strategic Alliance Partners (SAP), cost more than ten times the cost of basic delinquent tax collection services.
- 2) The City cancelled a 2008 Request for Proposals (RFP) that included a proposal for approximately \$1,000,000 less per year than the contract it had in place.
- 3) The City issued payments to SAP without the detailed monthly invoices required by their contract.
- 4) SAP's outgoing phone calls increased payments by less than 0.05 percent.
- 5) The City did not adjudicate properties as permitted by state law, thereby increasing the cost of collection.
- 6) The City delayed tax collection by not conducting the tax sale at the earliest opportunity allowed by state law.

In response to these findings, evaluators made six recommendations intended to reduce the cost of delinquent property tax collections and increase the efficiency and effectiveness of the program. The purpose of this follow-up report was to determine the extent to which the City implemented the recommendations from the original report.

OIG evaluators were assisted in the preparation of this report by the full cooperation of city employees and officials.

III. FOLLOW-UP ON RECOMMENDATIONS

RECOMMENDATIONS 1 AND 2: 1) THE CITY SHOULD BRING ITS DELINQUENT PROPERTY TAX COLLECTION PROGRAM IN HOUSE IN ORDER TO CONTROL COSTS. OR 2) THE CITY SHOULD ISSUE A NEW REQUEST FOR PROPOSALS (RFP) IF IT DOES NOT PERFORM THE FUNCTIONS IN HOUSE.

*Recommendations **Accepted** by the City. “[W]e will quickly review whether to pursue Recommendation 1 or Recommendation 2 and will move in one direction or the other quickly.”*

FOLLOW-UP 1 & 2: THE CITY ISSUED A NEW RFP FOR AD VALOREM TAX SALE AND RELATED SERVICES, BUT THE RFP CONTAINED DEFICIENCIES AND AMBIGUITIES THAT MAY HAVE FAVORED THE INCUMBENT CONTRACTOR. IN ADDITION, THE PRICING STRUCTURE IN THE APPROVED CONTRACT WAS DIFFERENT FROM THE PROPOSED PRICING STRUCTURE.

Evaluators recommended that the City should bring its property tax collection program in house or issue a new RFP because the amount paid to SAP for collection services was more than ten times greater than the estimated cost of providing those services. The City issued a new RFP in April 2013, soon after the OIG report was released. See Appendix A for a copy of the RFP and scope of services.

However, the RFP included several deficiencies and ambiguities that could have impeded fair and open competition. As a result, the resulting contract and compensation remained higher than the actual cost of the services.

- 1) The RFP encouraged respondents to submit varying compensation frameworks using “standard assumptions of likely activity” but did not provide any additional details about what the typical level of activity actually was. By leaving the level of activity undefined and encouraging varying types of compensation structures, the City increased the likelihood that it would receive a wide range of proposals that made comparison difficult. Furthermore, the incumbent vendor had an inherent advantage due to its familiarity with the typical volume of activity required.

- 2) The RFP did not set any minimum qualifications for proposers. At minimum the legal services section should have required appropriate licensing, and applicable qualifications for the tax sale services should have been included.
- 3) Although the RFP mentioned 40,000 delinquent properties per year, it did not include any details about the quantity of work. Collecting from a property owner who paid after the very first notice would require less work than collecting on a property that went to tax sale. To maintain a level field between new and incumbent proposers, the RFP should have included historical information about the number of delinquent bills processed, payment rates at various points in the process, the number of properties included in tax sales, and the number of legal filings.
- 4) The RFP did not include any information about how the performance of the vendor would be evaluated or how potential performance problems would be corrected. For example, evaluation metrics and penalty mechanisms could have been built around timeliness of dunning letters, average response time for telephone and written communications by type, due diligence standards for follow-up calls, timeliness of recording tax sale deeds, timeliness of filing tax liens, the percent of tax title purchasers who were able to collect money owed or obtain ownership, and outstanding taxes remaining after the tax sale, etc.

Evaluators identified another problem with the new procurement during this follow-up review: the compensation structure of the contract that the City awarded to the selected firm, Archon, was significantly different from the compensation structure Archon proposed in response to the RFP. Archon's initial price proposal was based on a percentage of collections, depending on the date the amount was collected.⁴ According to the proposal, Archon would collect a larger fee the longer it took to collect delinquent property taxes; in effect, Archon would be rewarded for being inefficient collectors of delinquent property taxes. Figure 1 is an excerpt from Archon's fee proposal.

⁴ The pricing structure in the 2014 contract was similar to the structure of the contract in place during the original OIG report, except that that compensation was not dependent on how long it took the contractor to collect.

Figure 1: Archon Fee Proposal

A. Fees

Louisiana law authorizes all parish and municipal tax collectors, including the Director of Finance of the City, the use of outside aid for ad valorem tax sale services.¹ When used, the law provides that a commission or fee, not to exceed 10%, be applied to all delinquent accounts to be recovered “as costs.” Archon shall charge the delinquent taxpayer or tax sale purchaser the appropriate date-graduating fee prescribed by the table below upon successful collection of an account:

| Fee Schedule | | |
|--------------|------------------------------|--------------|
| Sale Phase | Assessed Amount ² | Date Encoded |
| First | 6.0% | February 1st |
| Second | 8.0% | March 1st |
| Third | 9.5% | April 1st |

Archon receives no fee for any of its services to the City in the tax sale process in the event of non-recovery of a delinquent account.

Between the date of the selection committee meeting (September 9, 2013) and the date the contract was signed (May 12, 2014) the Louisiana Supreme Court ruled that the pricing structure in Archon’s proposal, a fee based on the percent of delinquent taxes owed, violated the Louisiana Constitution.⁵ According to the City Attorney, this ruling meant that the City was now required to charge delinquent taxpayers the actual costs of collection incurred by the City or its contractor instead of a percent of collections. The City asked Archon to submit a modified price proposal with itemized fees for collection services rather than a flat percentage of the amount collected.⁶

The modified compensation structure was still costly compared to the estimated cost evaluators calculated in 2013. The collection activities outlined in Archon’s 2014 contract were similar to the categories evaluators reviewed in 2013 except that the 2013 OIG estimate did not include separate costs for bankruptcy research and Louisiana Tax Commission change order research. See Figure 2 for a task-based comparison of costs using the estimate developed by evaluators in 2013.

⁵ Jackson v. City of New Orleans, 2012-2742 (La. 1/28/14), 144 So. 3d 876, reh'g denied (Apr. 4, 2014), cert. denied, 135 S. Ct. 197 (2014).

⁶ See Appendix B for a copy of Archon’s tax sale costs.

Figure 2: 2014 Archon Contract Costs Compared to 2013 OIG Estimate

| | Archon | OIG Estimate |
|--------------------------------|---------|-----------------------------|
| Delinquent Tax Account Profile | \$10.00 | \$2.71 |
| Skip Tracing Research | \$60.00 | \$0.29 |
| LTC Change Order Research | \$4.00 | legal services ⁷ |
| Bankruptcy Research | \$4.00 | legal services |
| Address Confirmation Calls | \$30.00 | \$1.98 |
| 1st Class Notice of Tax Sale | \$2.00 | \$0.58 |
| LTC Change Order Research | \$4.00 | legal services |
| Bankruptcy Research | \$4.00 | legal services |
| Certified Notice of Tax Sale | \$17.50 | \$10.00 |
| Public Records Research | \$90.00 | \$35.00 |
| 1st Class Notice of Tax Sale | \$2.00 | \$0.58 |
| LTC Change Order Research | \$4.00 | legal services |
| Bankruptcy Research | \$4.00 | legal services |
| Certified Notice of Tax Sale | \$17.50 | \$10.00 |
| Official Journal Publication | quoted | quoted |
| LTC Change Order Research | \$4.00 | legal services |
| Bankruptcy Research | \$4.00 | legal services |
| Online Tax Sale | \$15.00 | \$1.19 |
| Tax Sale Certificate Filing | quoted | quoted |
| 1st Class Post Sale Notice | \$2.00 | \$0.58 |

In 2013 evaluators found the contractor charged ten times the estimated cost of the services provided. As shown in Figure 2, the 2014 task-based Archon price schedule still permitted contractors to charge more than the estimated cost of the services for every activity.⁸

The City missed an opportunity to ask the other contractors who submitted proposals for task-based costs in this format. Other respondents may have offered lower prices than those in Archon’s second proposal had they been aware of the specific delinquent tax collection services the City desired. In

⁷ In 2013 evaluators calculated total legal costs, but not costs per account.

⁸ The difference between Archon costs and OIG Estimate costs to individual tax accounts depended on when in the process a delinquent tax payer paid the delinquent bill. The City paid Archon \$78 for collections on an account that was paid after the first notice instead of the OIG Estimate of \$3 plus the cost of legal services. The City paid Archon \$278 for collections on an account that paid after the tax title sale with no other names on the title instead of the OIG Estimate of \$62.91 plus the cost of legal services.

addition, when firms submit proposals to the city, they not only consider the cost of providing services, but also the price the market will bear. Archon had an opportunity to see the other price proposals before submitting the revised cost structure.

RECOMMENDATION 3: THE CITY SHOULD NOT ISSUE PAYMENT UNLESS IT RECEIVES DETAILED MONTHLY INVOICES AS REQUIRED IN THE SAP CONTRACT.

Recommendation Accepted by the City. "The City will request that the contractor include additional information in future invoices"

FOLLOW-UP 3: THE CITY CONTINUED TO ISSUE PAYMENT TO THE CONTRACTOR WITHOUT DETAILED MONTHLY INVOICES.

In the original report, evaluators recommended that the City require the contractor to submit detailed monthly invoices before payment was issued. The City did not have the information it needed to plan for changes such as bringing the program in house or determining reasonable costs in the event that the City selected a new contractor without knowing the effort required to collect delinquent taxes.

Although the City agreed to this recommendation, it issued payments in 2013 and 2014 without detailed invoices. In 2013 and early 2014, SAP submitted invoices stating that it was invoicing for "collection and/or legal services rendered during the above referenced time period." SAP stated "the time expended for the above referenced time period was [number of days], full-time by all Archon non-executive employees and all Scheuermann & Jones designated employees." The invoices did not indicate the number of employees, the specific task performed, the number of hours that constituted "full-time," or the total number of hours worked on the contract.

The new contract, signed in May 2014, did not include the same requirement to submit detailed monthly invoices and instead contained a provision for charging the City according to a fee for services schedule.⁹ The City continued to issue payment to the contractor without detailed information about how much work was actually performed to accomplish the tasks.

⁹ See Appendix C for copies of an example invoice from each of the contracts.

The absence of detailed invoices contributed to the City's lack of success in procuring a less expensive contract when it issued a new RFP for tax collection services. The City could have been more specific when defining the amount of work in its RFP if the City knew more about the amount of work it took to collect delinquent taxes.

RECOMMENDATION 4: THE CITY SHOULD DISCONTINUE CALLING DELINQUENT TAXPAYERS AS A METHOD OF INCREASING PAYMENTS.

Recommendation Considered by the City. "The City will review the analysis presented in this report. Since calling is a part of an overall strategy of making contact with delinquent taxpayers, and serves a very useful purpose in documenting efforts made to contact people, discontinuing outbound calls would reduce the number of tools available to make contact."

FOLLOW-UP 4: THE CITY DISCONTINUED CALLING DELINQUENT TAXPAYERS TO INCREASE COLLECTIONS, BUT CONTINUED TO CALL TO CONFIRM CONTACT INFORMATION.

The original report stated that phone calls increased delinquent tax payments by less than \$5,000 but cost approximately \$20,000. Evaluators recommended that the City discontinue calling delinquent taxpayers because the calls were not effective at encouraging payment. The City stated that the contractor no longer called taxpayers to increase collections but continued to make calls to confirm contact information. Archon charged \$30 per tax debtor to confirm addresses, but evaluators estimated the cost to be \$1.98 per contact.

RECOMMENDATION 5: THE CITY SHOULD ADJUDICATE ELIGIBLE PROPERTIES.

Recommendation Not Accepted by the City. "We believe such a strategy would be counter-productive to both our efforts to fight blight and to collect delinquent property taxes."

FOLLOW-UP 5: THE CITY HELD AN ADJUDICATED PROPERTY AUCTION IN JULY 2015.

Evaluators found two problems associated with the City's refusal to adjudicate properties. By offering properties for tax sale in the subsequent year rather than adjudicating the property, the City added another year of notification costs and increased sale costs for already undesirable properties. In addition, the City increased the overall cost of tax collection by undermining the enforcement mechanism inherent in the process.

The City did not accept the recommendation to adjudicate property. The City reasoned that tax delinquent properties were also likely to be blighted and that those that were not blighted were likely to sell at a tax title sale. The City claimed that it was more effective to ask the Sheriff to seize blighted property for auction at a Sheriff's sale than it was to adjudicate properties to the City.

However, since the 2013 report the City changed its policy: it decided to sell adjudicated property and entered into a contract with Archon to begin holding adjudicated property tax auctions in 2015. By November 2015, the auctions resulted in more than \$12 million in sales.¹⁰ The sale of adjudicated property not only brought in revenue, it also demonstrated the City's commitment to enforcing tax law: in the weeks preceding the City's July auction of adjudicated properties, the City collected an additional \$1.2 million from delinquent accounts. After the first sale, Mayor Landrieu stated:

The City's first-ever online adjudicated property auction was a resounding success This process will do more than put these properties back into commerce, it will also help strengthen our communities and collect important revenue for the City to invest in residents' priorities, such as community revitalization, public safety, street repairs and parks and recreation.¹¹

¹⁰ According to city press releases.

¹¹ City of New Orleans, "Almost 80 Properties Sold."

RECOMMENDATION 6: THE CITY SHOULD ALIGN ITS COLLECTION SCHEDULE WITH STATE ENFORCEMENT MECHANISMS.

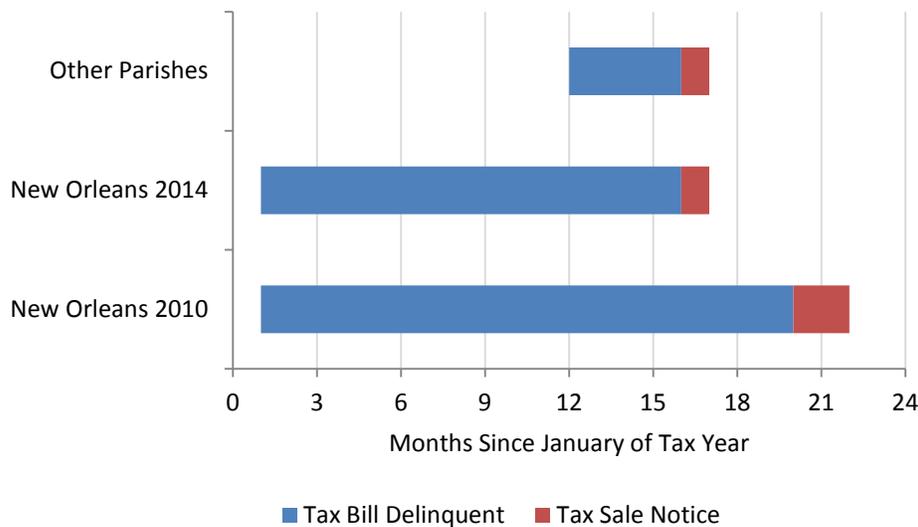
*Recommendation **Not Addressed** by the City.*

FOLLOW-UP 6: THE CITY CHANGED ITS COLLECTION SCHEDULE TO SHORTEN THE COLLECTION TIMELINE.

In 2013 evaluators found that the New Orleans tax collection schedule (at 21 months) was more than four times as long as the schedule for other jurisdictions (five months). The delay caused inefficiencies and caused property owners to pay their taxes later than they otherwise would have done.

For the 2014 tax year, the City moved its tax title sale from the fall of the year following the tax year to the spring in accordance with state law. As a result, the timeline for the 2014 tax year was 16 months instead of 21 (see figure 3).

Figure 3: Tax Title Sale Timelines



IV. CONCLUSION

In 2013 evaluators provided the City with six recommendations to reduce costs for the delinquent property tax collection program. The first group of recommendations focused on reducing the cost of the contract, either by bringing the collections program in house or by requesting proposals for a new contract, requesting detailed invoices from the collections contractor, and ending the practice of calling delinquent property owners to encourage payment. The remaining recommendations were designed to increase the efficiency of the collections process by adjudicating and selling properties that were not purchased at a tax title sale and shortening its collection schedule. The City followed three recommendations, did not follow one recommendation that it accepted, and neither accepted nor followed one recommendation (see Figure 4).

Figure 4: Summary of Follow-up Findings

| Recommendation | Accepted | Follow-Up | Met |
|--|---------------|---|---------|
| The City should bring its delinquent property tax collection program in house In order to control costs. (or) The City should issue a new RFP if it does not perform the functions in house. | Yes | The City issued a new Request for Proposals (RFP) for Ad Valorem Tax Sale and Related Services, but the RFP contained deficiencies and ambiguities that may have favored the incumbent contractor. In addition, the pricing structure in the approved contract was different than the proposed pricing structure. | Partial |
| The City should not issue payment unless it receives detailed monthly invoices as required in the SAP contract. | Yes | The City continued to issue payment to the contractor without detailed monthly invoices. | No |
| The City should discontinue calling delinquent taxpayers as a method of increasing payments. | No | The City discontinued calling delinquent taxpayers in order to increase collections, but continued to call to confirm contact information. | |
| The City should adjudicate eligible properties. | No | The City began holding adjudicated property auctions in July 2015. | Yes |
| The City should align its collection schedule with state enforcement mechanisms. | Not Addressed | The City shortened its collection schedule. | Yes |

Evaluators found mixed results after the follow-up process.

- The City requested new proposals, but there were flaws in the request that favored the incumbent contractor.
- The resulting contract was similar to the previous contract, but the City was still overcharged for delinquent collection services.
- The City may have been in a better position to hold a competitive procurement process if it had required the contractor to provide detailed monthly invoices as recommended in the original report.
- The City continued to request that the contractor call delinquent property owners, but the calls were for the purpose of verifying contact information not encouraging payment.
- The City took steps to increase the efficiency of the delinquent tax collection program by adjudicating and selling properties that did not sell at the tax title sale and shortening its collection schedule.

The City implemented some OIG recommendations, and there were improvements in the program. For example, the entire delinquent property tax collection program should operate in a more efficient and effective manner if the City continues to sell adjudicated property. However, the City's delinquent tax collection program continues to cost more than it should. An improved RFP process could decrease these costs.

APPENDIX A: RFP FOR AD VALOREM TAX SALE AND RELATED LEGAL SERVICES AND ATTACHMENT "A," NEEDED SERVICES

City of New Orleans, Louisiana
Request for Proposals
DEPARTMENTS OF LAW AND FINANCE JOINTLY
Ad Valorem Tax Sale and Related Legal Services
April 16, 2013

Request for Proposals Request for Proposals: The City of New Orleans desires to obtain proposals for Ad Valorem Tax Sale and Related Legal Services to review, investigate, prosecute, and provide representation to the City with regard to certain delinquent and uncollected taxes within the Parish of Orleans. As provided below, and incident to City Charter Section 6-308(5) and Executive Order MJL 10-05, it requests proposals from experienced firms to provide the needed services.

Instructions: Applicants shall submit the following to the *Bureau of Purchasing* directed Attention: Chief Procurement Officer (CPO), 1300 Perdido St., Suite 4W07, New Orleans, Louisiana 70112, 504-658-1550, not later than **May 24, 2013 at 4:00 p.m. (CST)**:

- a. Offeror shall provide **six (6)** signed hardcopies of the proposal in a sealed envelope, marked "**Delinquent Ad Valorem Tax Collection and Related Legal Services**"; and **one (1)** digitally signed proposal on a CD or Flash Drive, in Microsoft Word format or as a PDF file, marked "**Delinquent Ad Valorem Tax Collection and Related Legal Services**";
- b. Offeror shall provide a signed cover letter including the company's name, address and primary contact for the proposal. The primary contact information shall include submitter name, telephone, and email address.

Proposals should clearly demonstrate the applicant's qualifications to perform the needed services. In particular, please confirm that the respondent team includes lawyers with appropriate qualifications to undertake the needed services under Attachment "A". Proposals should include detailed resumes or curricula vitae for the principals performing the services. Copies of the solicitation and related information are available from the City's purchasing website at <http://www.purchasing.nola.gov/bsollogin.jsp>.

The City will not accept proposals submitted by fax. All proposals **must be received** by the City on or before the Delivery Deadline. The City will not accept proposals delivered after the deadline. The City will not credit delivery claims not clearly documented by original receipt.

Anticipated Proposal Timetable

| | |
|--------------------------------|----------------|
| RFP Release | April 16, 2013 |
| Proposal Submission | May 24, 2013 |
| Evaluation Committee Selection | May 31, 2013 |
| Notification | June 3, 2013 |

If the City selects a service provider, it may negotiate a final agreement with the provider and specify the relationship by Professional Services contract. The contract will contain the standard

City provisions shown in Attachment "B" and the "Disadvantaged Business Enterprise" ("DBE") provisions shown in Attachment "C."

Proposals MUST contain the following statement signed by the applicant or its authorized representative, **"By responding to this RFP, respondent agrees to the City's Required Contract Provisions as provided in Attachment "B" and therefore waives any future right to contest the required provisions."**

1. Services Needed: Attachment "A" describes the needed services.

2. Selection Committee: The Chief Procurement Officer must establish Selection Committees with relevant subject-matter expertise in reviewing and evaluating responses to a solicitation. Each response to a solicitation for the award of a professional service must be evaluated by a committee of five individuals consisting of:

- The manager of the User Entity requesting the service, or his designee;
- The First Deputy Mayor-Chief Administrative Officer, or his designee;
- The employee who will manage and monitor the contract;
- A professional from within local government who possesses expertise in the relevant field; and
- The Chief Financial Officer or his designee.

The Selection Committee shall first evaluate the proposals on the basis of criteria other than price. The members on the Selection Committee shall either complete the numerical grading and provide a written explanation stating the reasons for the rating for each criteria, or if using the wholly qualitative evaluation criteria, the members shall provide a rating of a proposal as highly advantageous, advantageous, not advantageous, or unacceptable and state the reasons for the rating for each criteria.

4. Selection: In accordance with Executive Order MJL 10-05, the selection process is based upon a combination of price and qualitative components to determine the proposal most advantageous and which provides the best value to the City. The Selection Committee will first evaluate all proposals that meet the mandatory requirements as specified in the RFP by using the Technical Criteria set forth below. The Committee will then rank each proposal as most advantageous, advantageous, acceptable or unacceptable before considering the Price Proposal.

Technical Criteria

- (35%) Specialized experience and technical competence;
- (20%) Performance history, including, without limitation, competency, responsiveness, cost control, work quality and the ability to meet schedules and deadlines;
- (5%) Maintenance of an office, residence or domicile in Orleans Parish, to the extent permitted by law;

- (20%) Willingness to promote full and equal business opportunities in accordance with the City's State-Local Disadvantaged Business Enterprise Program; and

Price Proposal

The Selection Committee will then evaluate and rank responsive Proposals on Price. **Price proposals must be submitted in a separate envelope marked "Price Proposal"**. A Proposer may receive the maximum percentage, a portion of this score, or no percentage at all, depending upon the merit of its Price Proposal, as judged by the Selection Committee in accordance with:

- (20 %) Cost

Shortlist

The City at its sole discretion may recommend a selection of Respondents for a short list based on the overall ranking.

During the review of any Submission, the Evaluation Committee may:

- conduct reference checks relevant to the Project with any or all of the references cited in a Submission to verify any and all information, and rely on or consider any relevant information from such cited references in the evaluation of Submissions;
- seek clarification of a Submission from any or all Respondents and consider such supplementary information in the evaluation of Submissions; and
- request interviews/presentations with any, some or all Respondents or Team Members to clarify any questions or considerations based on the information included in Submissions during the evaluation process, and consider any supplementary information from interviews/presentations in the evaluation.

5. Ownership: All proposals and all documentation submitted therewith are City property for all purposes. Applicants will clearly mark documents or information claimed exempt from public records disclosure and specifically justify the exemption. The City will not credit any blanket exemption claims lacking specific justification. The City does not guarantee the confidentiality of submissions.

6. Fees and Costs: Respondents should specify how their efforts will be compensated under the contract. For example, x% of delinquent taxes collected, added as a charge to delinquent accounts, and additional specified cost for mailings or other activities. Proposals will be compared using standard assumptions of likely activity. Proposers are encouraged to submit varying compensations frameworks, such as one rate for delinquent accounts paid up to 60 days after becoming delinquent, and another rate beyond 60 days.

7. Effect: This Request for Proposals and any related discussions or evaluations by anyone create no rights or obligations whatsoever. The City may cancel or modify this solicitation at any time at will, with or without notice. Anything to the contrary notwithstanding, the Professional Services contract executed by the City and the selected applicant, if any, is the exclusive statement of rights and obligations extending from this solicitation.

8. Point of Contact: All correspondence and other communications regarding this procurement should be directed to the attention of: Nat Celestine, City of New Orleans, Bureau of Purchasing, 1300 Perdido Street, 4W07, New Orleans, Louisiana 70112.

Substantive questions must be submitted by proposers in writing to the person at the address provided above or emailed to Nat Celestine at ncelestine@nola.gov no later than (7) days before submittal deadline.

Any request received after that time may not be reviewed for inclusion in this Solicitation. The request shall contain the requester's name, address, and telephone number.

The Bureau of Purchasing will issue a response to any inquiry if it deems it necessary, by written addendum to the Solicitation, posted on the City's website, and issued prior to the Solicitation Due Date & Time. The Proposer shall not rely on any representation, statement or explanation other than those made in this Solicitation document or in any addendums issued. Where there appears to be a conflict between this Solicitation and any addendum issued, the last addendum issued will prevail.

From the time of advertising, and until the final award, there is a prohibition on communication by Proposers (or anyone on their behalf) with the City's staff and elected officials. This does not apply to oral communications at Pre-Proposal conferences, oral presentations before evaluation committees, contract negotiations, or communications in writing at any time with any City employee or elected official regarding matters not concerning this Solicitation.

9. Proposal Review In accordance with the Mayor's Executive Order. MJL-10-05, the review committee will evaluate each proposal submitted. The City will make every effort to administer the proposal process in accordance with the terms and dates discussed in the request for proposal. However, the City reserves the right to modify the proposal process and dates as deemed necessary.

The City may request an online demonstration of specific vendors' solutions prior to the proposal review completion date. Vendors should be prepared to provide such a demonstration in a timely fashion.

10. In-Process Technical Review: Contractor's performance of the Work shall be subject to in-process technical review by the City's Technical Representative or such other person(s) as may be designated in writing by (City Agency) provided such actions are not unreasonable and does not interfere with the progress of the work.

11. Required Attachments: **Proposers are required to complete the following Attachments and submit along with their Proposal:**

- 1) Attachment "C" **REQUIRED CONTRACT DBE PROVISIONS**

2) Attachment "F" **CITY OF NEW ORLEANS CONFLICT OF INTEREST
DISCLOSURE AFFIDAVIT**

All other Attachments are supplied by the City as information. The following Attachments will only be requested of the successful Proposer prior to obtaining a contract:

- Attachment "E" Identification of Subcontractors
- Attachment "D" Tax Clearance Certificate

**FAILURE TO COMPLETE THE REQUIRED ATTACHMENTS COULD RESULT IN
THE DISQUALIFICATION OF A PROPOSAL.**

City of New Orleans, Louisiana
Request for Proposals
DEPARTMENTS OF LAW AND FINANCE JOINTLY
Ad Valorem Tax Sale and Related Legal Services
April 16, 2013

Attachment "A"

Needed Services

The services to be provided shall include, but not be limited to, the following:

1. Tax Sale Services:
 - a. Coordinate with designated City representatives relative to identification of properties within Orleans Parish with delinquent ad valorem taxes due and outstanding to the City, estimated at 40,000 delinquent accounts per tax year.
 - b. Prepare and disseminate via first class mail, letters to the owners of record of the identified properties with delinquent ad valorem taxes due and outstanding to the City, ensuring that such preparation and dissemination is in full compliance with all applicable federal, state and local laws, including, without limitation to state and federal jurisprudence, such laws relative to Tax Sales in Louisiana to tax collection activities and notice requirements for seizure and sale of property by City in satisfaction of delinquent taxes, if necessary;
 - c. Make staged follow-up calls in coordination with the dissemination of delinquent tax notices to the owners of record of the identified properties with delinquent ad valorem taxes due and outstanding to the City, ensuring that such preparation and dissemination is in full compliance with all applicable federal, state and local laws, including, without limitation, such laws relative to Tax Sales in Louisiana tax collection activities. Recording all communications and associate the recordings with the appropriate account for access and download by City Official
 - d. Promptly and appropriately respond to written and/or oral communications received from owners of record in response to tax collection notices and follow-up calls. Maintain digital records of all communications and associate the recording with the appropriate account for access and download by City officials and maintain adequate records of such responses;
 - e. Maintain complete and accurate digital records of all correspondence, telephone calls and/or other communications relative to the services provided pursuant to this RFP, subject to inspection by the City during normal business hours;

- f. Maintain and manage collection activities as well as keep adequate digital records of delinquent accounts subject to inspection by the City;
 - g. Hold an annual online Tax Sale auction in conjunction with all statutory law requirements;
 - h. Provide access to web-based software application capable of maintaining complete and accurate digitized records of all mailings, including first-class and certified mail articles, official journal publications, signed return receipts, undeliverable mail articles, records of all correspondence, MP3 or WAV file recordings of all telephone calls and/or other communications relative to the services provided pursuant to this RFP, subject to digital access by the City;
 - i. Meet as necessary with representatives of the City in connection with the status of collections and/or pending litigation;
 - j. Maintain records of tasks performed in accordance with the City's requirements;
 - k. Provide adequate recommendation consistent with equitable application of tax provisions to resolve delinquencies in a timely manner;
 - l. Maintain a customer call center, provide adequate technology to update accounts and send delinquent notices as due;
 - m. Prepare and make available detailed monthly reports to the Director of Finance and the City Attorney, in a form acceptable to the City, setting forth a quantitative and qualitative analysis of the month's and year-to-date activity, including, without limitation, the percentage of resolved delinquencies, and actual collections for the reported month;
 - n. Coordinate and cooperate with designated City representatives, as requested by the City, in the performance of the services pursuant to this RFP;
 - n. Establish compatible technical computer transfers of information and data exchange via an approved method of electronic communication. This technological process must include methods of reflecting concise records to reflect payment transactions, balance adjustments, and account information.
2. Legal Services:
- a. Upon request by the City Attorney, provide advice related to ad valorem tax matters;
 - b. Review and analyze all aspects of the collection service activities relative to delinquent ad valorem taxes for compliance with applicable federal, state and

local laws and make recommendations to the City Attorney to address any deficiencies in compliance;

- c. Represent the City in bankruptcy actions wherein the debtor owes delinquent ad valorem taxes due and outstanding to the City, including, without limitation, filing a timely proof of claim on behalf of the City;
- d. For properties with delinquent taxes due and outstanding to the City for any prior tax years and the current tax year, review owner of record to determine whether, on its face, property is or may be public property that is exempt from tax sale and review with City Attorney all such potentially exempt properties, prior to tax sale;
- e. Prepare and disseminate all required notices, official journal publishings and postings for the tax sale of properties with delinquent taxes due and outstanding to the City for any prior tax years, ensuring that such notices, official journal publishings and postings meet all federal state and local statutory and jurisprudential requirements, including, without limitation, Mennonite notices;
- f. After complying with all required legal notifications, prepare all necessary tax sale documents and conduct tax sales of properties with delinquent taxes due and outstanding to the City for any prior tax years, in coordination with the Orleans Parish Office of Civil Sheriff or as otherwise directed by the City;
- g. Promptly record all tax sale deeds with the Clerk of Court for all properties sold at the tax sale and promptly file a tax lien for all remaining properties from the tax sale adjudicated to the City;
- h. Upon the direction and formal approval in writing of the City Attorney, engage and/or disengage without cause in the representation of the City of New Orleans. This representation shall include but not be limited to legal challenges to city ordinance(s); payments under protest; bankruptcy. During any and all of the aforementioned representation, no decision shall be made without prior approval or consent of the City Attorney.
- i. Maintain complete and accurate records of all correspondence, telephone calls and/or other communications relative to the services provided pursuant to this RFP, subject to inspection by the City during normal business hours;
- j. Prepare and make available detailed monthly reports to the Director of Finance and the City Attorney, in a form acceptable to the City, setting forth a quantitative and qualitative analysis of the month's and year-to-date activity, including, without limitation, the percentage of resolved delinquencies, and actual collections for the reported month;
- k. Affirm that City reserves the right to approve or disapprove the list of properties taken to tax sales;

- l. Meet quarterly or as necessary with representatives of the City to review the status of collections and/or pending litigation; and
- m. Provide adequate recommendation consistent with equitable application of tax provisions to resolve delinquencies in a timely manner;

APPENDIX B: ARCHON TAX SALE COSTS

| TAX SALE COSTS | | | | | |
|---|--|---|---------------|---------------|-------------|
| Activity | Specification Authority(ies) | Recuperation Authority(ies) | Amount (Real) | Amount (Mov.) | Encode Date |
| Delinquent Tax Account Profile Origination in Electronic Storage and Retrieval System for Notices | La. R.S. 47:2122(23); La. R.S. 47:2153C(1); <i>Mennonite</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 10.00 | \$ 10.00 | 1-Jun |
| Tax Debtor Skip Tracing Research | La. R.S. 47:2153A(1)(a); <i>Mennonite</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 60.00 | \$ 60.00 | |
| Delinquent Tax Account LTC Change Order Research | La. R.S. 47:2127B | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | \$ 4.00 | |
| Tax Debtor Bankruptcy Research | 11 U.S.C. 362 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | \$ 4.00 | |
| Tax Debtor Address Confirmation Calls | La. R.S. 47:2153A(1)(a); <i>Mennonite; Jones</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 30.00 | \$ 30.00 | 15-Jun |
| First-Class Tax Notice Party Notice of Tax Sale <i>(Amount is per Notice)</i> | La. Const. art. VII, Sec. 25(A)(1); La. R.S. 47:2153A(1)(b); <i>Mennonite; Jones</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 2.00 | N/A | 1-Jul |
| First-Class Tax Notice Party Notice of Seizure & Sale <i>(Amount is per Notice)</i> | La. Const. art. VII, Sec. 25(E); La. R.S. 47:2141A | La. R.S. 47:2141B | N/A | \$ 2.00 | |

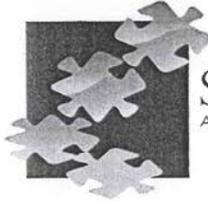
Professional Services Agreement
City of New Orleans and Archon Information Systems, L.L.C.
Ad Valorem Tax Sale and Related Legal Services

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| TAX SALE COSTS | | | | | |
|---|---|---|---------------|---------------|-------------|
| Activity | Specification Authority(ies) | Recuperation Authority(ies) | Amount (Real) | Amount (Mov.) | Encode Date |
| Delinquent Tax Account LTC Change Order Research | La. R.S. 47:2127B | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | 1-Jul |
| Tax Debtor Bankruptcy Research | 11 U.S.C. 362 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | |
| Certified Tax Notice Party Notice of Tax Sale <i>(Amount is per Notice)</i> <i>(In the name of tax collector.)</i> | La. Const. art. VII, Sec. 25(A)(1); La. R.S. 47:2153A(1)(a); <i>Mennonite</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 17.50 | N/A | |
| Delinquent Tax Account LTC Change Order Research | La. R.S. 47:2127B | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | \$ 4.00 | 1-Aug |
| Tax Debtor Bankruptcy Research | 11 U.S.C. 362 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | \$ 4.00 | |
| Certified Tax Notice Party Notice of Seizure & Sale <i>(Amount is per Notice)</i> <i>(In the name of tax collector.)</i> | La. R.S. 47:2141A | La. R.S. 47:2141B | N/A | \$ 17.50 | |
| Tax Sale Party Public Records Research | La. R.S. 47:2153A(2)(a); <i>Mennonite</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 90.00 | N/A | |
| First-Class Tax Sale Party Notice of Tax Sale <i>(Amount is per Notice)</i> | La. R.S. 47:2153A(2)(b); <i>Mennonite; Jones</i> | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 2.00 | N/A | 1-Oct |

| TAX SALE COSTS | | | | | |
|--|--|---|---------------|---------------|--|
| Activity | Specification Authority(ies) | Recuperation Authority(ies) | Amount (Real) | Amount (Mov.) | Encode Date |
| Delinquent Tax Account LTC Change Order Research | La. R.S. 47:2127B | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | |
| Tax Debtor Bankruptcy Research | 11 U.S.C. 362 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | 1-Nov |
| Certified Tax Sale Party Notice of Tax Sale (Amount is per Notice) | La. R.S. 47:2153A(2)(b); Mennonite; Jones | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 17.50 | N/A | |
| Suit to Compel Delivery | La. Const. art. VII, Sec. 25(E); La. R.S. 47:2145B | La. R.S. 47:2145B | N/A | 20% | 1-Dec |
| Official Journal Publication (In the name of tax collector.) | La. R.S. 47:2141C | La. R.S. 47:2141C | N/A | As quoted | > 35 days prior to sale |
| Official Journal Publication (In the name of tax collector.) | La. Const. art. VII, Sec. 25(A)(1); La. R.S. 47:2153B(1)(a) | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | As quoted | N/A | > 45 and > 15 days prior to sale |
| Delinquent Tax Account LTC Change Order Research | La. R.S. 47:2127B | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | |
| Tax Debtor Bankruptcy Research | 11 U.S.C. 362 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 4.00 | N/A | 3 days prior to sale |
| Online Tax Sale (In the name of tax collector.) | La. R.S. 47:2153B(6) | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3) | \$ 15.00 | N/A | |
| Tax Sale Certificate Filing | La. Const. art. VII, Sec. 25(A)(1); La. R.S. 47:2155 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(3); La. R.S. 47:2155 | As quoted | N/A | |
| First-Class Tax Sale Party Post-Tax Sale Notice (Amount is per Notice) | La. R.S. 47:2156 | La. Const. art. VII, Sec. 25(B)(1); Sec. 150-50(a)(4); La. R.S. 47:2244; La. R.S. 47:2247; La. R.S. 47:2291B(2) | \$ 2.00 | N/A | |

2013 INVOICE



STRATEGIC
ALLIANCE PARTNERS

41st Floor, 701 Poydras St.
New Orleans, La 70139
T: (504) 525-4351
F: (504) 525-4380
E: asp@nota-law.com

INVOICE

TO: City of New Orleans
Department of Finance
Bureau of Treasury
1300 Perdido Street, Room 1W37
New Orleans, Louisiana 70112

FROM: Strategic Alliance Partners, L.L.C.
41st Floor, 701 Poydras St.
New Orleans, La 70139

RE: Ad Valorem Delinquency Collections Invoice for Collection and/or Legal Services rendered for the month of March 2013

DATE: April 25, 2013

Pursuant to the compensation section of the Agreement for Professional Services between the City of New Orleans and Strategic Alliance Partners, L.L.C., the Alliance submits the following invoice for collection and/or legal services rendered during the above referenced time period.

The time expended for the above referenced time period was 21 days, full-time by all Archon non-executive employees and all Scheuermann & Jones designated employees.

An itemization of the invoice is as follows:

| | AMOUNT |
|-------------------------------------|--------------------|
| COLLECTED AD VALOREM DELINQUENCIES: | \$875,214.20 |
| COLLECTION FEE DUE: | \$73,947.28 |
| TAX CODE 51 | \$7,538.74 |
| TOTAL | \$81,486.02 |

Please remit a check made payable to **Strategic Alliance Partners, L.L.C.** in the amount of **\$81,486.02** and notify Beau L. Button at (504) 708-4310 once the check is made ready for pick up.

We sincerely appreciate the opportunity to serve the City of New Orleans and look forward to satisfying your future collection and legal services demands.

Collection & Legal Services Provider

2014 INVOICE



INVOICE

TO: City of New Orleans
Department of Finance
Bureau of Treasury
1300 Perdido Street, Room 1W37
New Orleans, Louisiana 70112

FROM: Archon Information Systems, L.L.C.
935 Gravier Street, Suite 1700
New Orleans, La 70112

RE: Ad Valorem Delinquency Collections Invoice for Collection and/or Legal Services
rendered for the month of August 2014

DATE: September 19, 2014

Pursuant to the compensation section of the Agreement for Professional Services between the City of New Orleans and Archon Information Systems, L.L.C., Archon submits the following invoice for collection and/or legal services rendered during the above referenced time period.

An itemization of the invoice is as follows:

| | AMOUNT |
|--|-----------------------|
| COLLECTED AD VALOREM DELINQUENCIES: | \$1,653,624.38 |
| COLLECTION FEE DUE: | \$114,168.77 |
| TAX CODE 51 | \$104,846.15 |
| TAX CODE 66 | \$224,641.62 |
| TOTAL | \$443,656.54 |

Please remit a check made payable to **Archon Information Systems, L.L.C.** in the amount of **\$443,656.54** and notify Ingrid I. Abud at (504) 302-0583 once the check is made ready for pick up.

We sincerely appreciate the opportunity to serve the City of New Orleans and look forward to satisfying your future collection and legal services demands.

T: 504.267.0065 935 Gravier Street
F: 504.267.0067 Suite 1700
E: info@archoninfosys.com New Orleans, Louisiana 70112

www.archoninfosys.com