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## ***Financial Assets Recovery Solutions***

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## Executive Summary

The Kinnamon Group, Inc. (Kinnamon) is a proven leader in developing and implementing “Financial Asset Recovery Solutions” (**FARS**) for municipalities and utilities. Kinnamon has developed a “Best in Industry” revenue recovery program for undervalued utility and municipal agency receivables (Stranded Target Assets).

**FARS** is designed to be a seamless solution for municipalities and utilities that are seeking to initiate a proactive program to recover undervalued receivables. Kinnamon acts as an agent on behalf of its municipal agency and municipal utility clients (MAU).

Kinnamon’s **FARS** program is based on Kinnamon’s five years’ experience in supporting the data mining, billing, collections and field operations for a major metropolitan water MAU during which time Kinnamon participated in the collection of \$70 million in dated and stranded receivables. **FARS** financial performance is summarized below:

Account Type	Number of Stranded Accounts	Face Value of Stranded Receivables	Cash Collected
Multi-Tenant Account	35,656	\$80,315,735	\$47,965,588
Single-Tenant Account	32,389	\$82,495,150	\$20,219,416
120 Day + Bill Account	19,664	\$38,126,125	\$2,037,342
Totals	87,709	\$200,937,010	\$70,222,346

*FARS Collections of Stranded Utility Receivables*

## Overview

Kinnamon is a minority and woman-owned business headquartered in Center City, Philadelphia, Pennsylvania. It maintains its operational facilities in West Philadelphia and has field operations in fourteen states. It also maintains marketing offices in Massachusetts and Maryland.

Kinnamon has been providing a full range of out-sourced services to private and public customers for the past five years. For instance, Kinnamon is presently providing Loss Mitigation and Property Preservation services for five sub-prime lenders active in states east of the Mississippi.

Kinnamon blends the efficient use of technology, data-mining expertise, field operations infrastructure, and billing and collections know-how with the best human resources to enhance the process of recovery of stranded financial assets. In special situations, revenue collections for essential services may have been under-resourced – resulting in undervalued pools of financial assets. These are the target of Kinnamon’s recovery solution.

Kinnamon is also uniquely sensitive to political considerations in launching a results-oriented asset recovery campaign for customers who receive essential services from a MAU. Our **FARS** professionals are trained to integrate advanced asset recovery methods such as predictive dialers, online skip tracing, and credit report analysis with “street smart” field operations – whereby customers and tenants are notified of a new program to collect past due balances. **FARS** operatives educate customers and tenants

of their legal right to prevent interruption of delivery of essential services. Our skilled management team understands the recovery process – and takes the steps required to guarantee maximum recovery – while ensuring that both customers and tenants are informed of their right of appeal in order to prevent unnecessary interruption of services.

### ***FARS Team Organization***

Karen A. Robinson, President and CEO, is responsible for setting **FARS** parameters and the overall management of **FARS**.

George S. Chu, Executive Vice President, ensures the operational and financial recovery effectiveness of the **FARS** project and process.

Shannon M. Foreman, Field Operations Supervisor, oversees regional project managers and is responsible for field monitoring and verification.

Tammy Miller, **FARS** Account Manager, oversees billing and collections and out-sourced billing/collections services.

Joseph A. Newcomb, Chief Financial Officer and General Counsel, directs Kinnamon's financial reporting activities and Kinnamon's legal team.

Chris Flaesch, Director-Hosted Applications, directs **FARS** data-mining and hosted applications.

Ron Isaacson, Chief Information Officer, directs the development of new information technology solutions.



*Kinnamon appoints a **FARS** Project Manager to devote 100 percent of his or her time to the everyday management of the Customer's **FARS** project.*

### ***FARS Business Case***

**FARS** is the result of Kinnamon's five year involvement and successful experience with a major urban water MAU to design a tailored stranded asset recovery program involving:

- Identification of targeted past-due high balance accounts
- Billing/collections procedures
- Field operations
- Administration/support services
- Development of tenants right procedures in accordance with local/state tenants rights requirements

Kinnamon worked with the client to design, plan, and implement a new billing, collections and field operations solution for its customers, and Kinnamon's **FARS** program performance from April 1995 to April 2000 can be summarized as follows:

- Processed 87,709 accounts
- Posted 30,987 properties for shutoffs
- Conducted 60,000plus tenant meetings
- Enabled the collection of \$70,222,346 on face value of \$200,937,010 placed accounts.

## **FARS Program Objectives**

**T**he **FARS** program is designed to provide a “private label” solution to help municipalities and utilities to achieve the following objectives:

- Educate elected officials and the general public of the benefits of an asset recovery program
- Increase MAU revenues
- Help MAU customers to retain essential services and pay bills
- Establish and implement tenant rights notification procedures
- Establish and implement tenant billing procedures where indicated
- Foster working relationships with local Disadvantaged Business Enterprises
- Establish local field operations
- Post properties for shutoffs
- Schedule, conduct, and report tenant meetings



**FARS** management, employees and sub-contractors are agents acting on behalf of the sponsoring MAU. Therefore, all corporate identification and communications related to **FARS** activities are conducted under the corporate identity of the sponsoring MAU.

**F**or further information about The Kinnamon Group, Inc. and its **FARS** program, please contact Karen A. Robinson ([kar@kinnamon.com](mailto:kar@kinnamon.com)), or George S. Chu ([gsc@kinnamon.com](mailto:gsc@kinnamon.com)), at the following address:

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Additional information regarding **FARS** workflow, sample policies and procedures are available upon request.