Utility Service Partners, Inc.

NATIONAL LEAGUE of CITIES

City Of North Miami
February 12, 2013

Building Peace of Mind, One Community at a Time

Average Age of U.S. Housing

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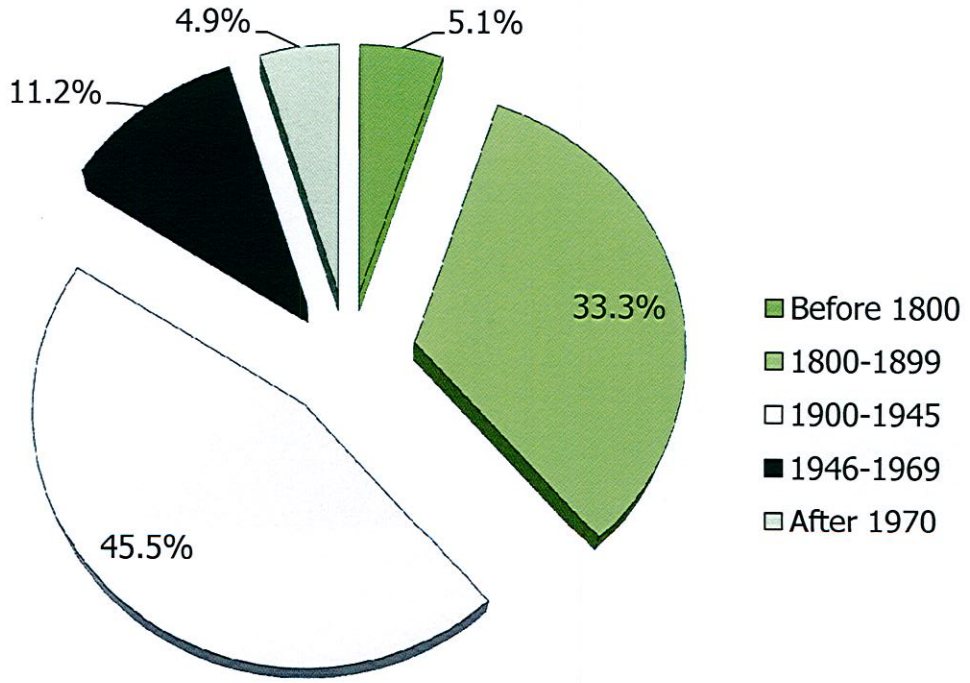
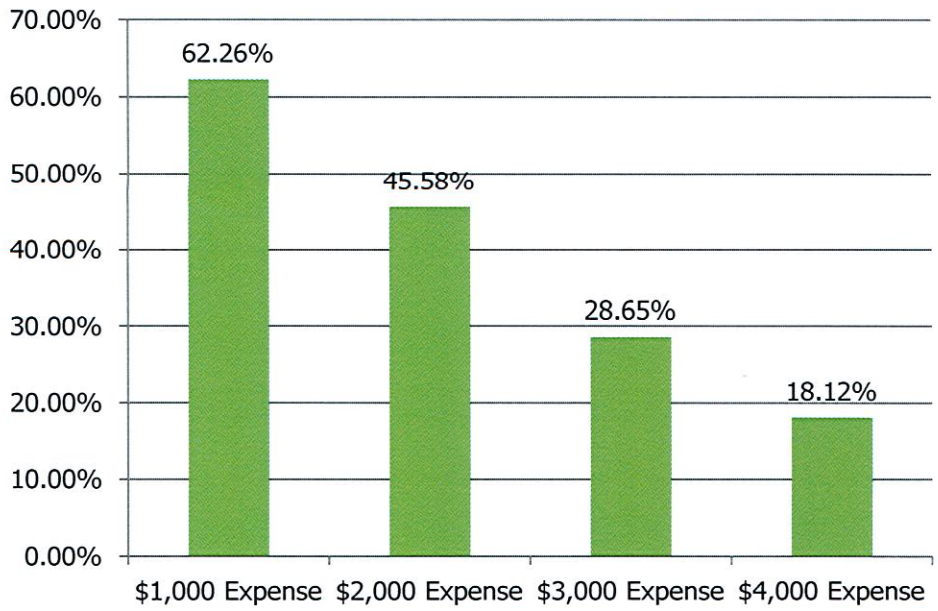
- A housing survey conducted by the U.S. Census in 2009 found the median age of American houses to be 36 years, with 22.9 percent of homes built during the 1950s and 1960s.
- The Graph shows answers from over 1094 visitors to Old House Web
- Median age 1975



Families Struggle with Unplanned Expenses

- Did you know that only 18% of American households can afford a $4,000 unexpected expense? In most cases, this type of expenditure would severely deplete their savings account, leaving no room for other expenses such as medical bills, auto or home repairs, etc.

% of American households that would be able to afford a costly expense



% of American households that would be able to afford a costly expense

**Although these households can afford these expenses it would severely deplete their savings accounts for the year (most under $500. This analysis does not take into account other unforeseen expenses (car repair, medical bills, children, etc.)

Source: U.S. Census Bureau

Service Line Repairs are Unplanned Expenses

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- Homeowners are responsible for the repair or replacement of their utility service lines. Over time these lines will fail due to normal wear and tear.
- Repair costs range from a few hundred dollars to several thousand dollars depending upon many different factors such as length of line, depth of line, age and condition of materials, etc.
- Utility Service Partners in conjunction with the National League of Cities offers a program to protect your residents from the high cost of these repair bills.
- USP features two attractively priced products with no hidden service fees or deductibles, and no per incident or lifetime caps on coverage amounts.
- The program is designed to protect residents from the stress and high cost of utility line repairs, strengthen the integrity of the utility infrastructure (reducing water loss and waste water pollution), and generate incremental revenues through an affordable, value-added program.
- Both the external sewer line warranty and an external water line warranty are designed to cover the homeowner's responsibility for their portion of the underground lines.

Warranty Program Overview

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- These products are specifically designed for single family, residential homeowners who may not have set aside the funds required to make these often significant repairs and are not typically covered by homeowners insurance policy.
- Products are voluntary, optional and tailored to meet the unique needs of each community to help reduce claim denials.
- At no cost to the City or liability to the city, you can offer your residents an alternative that is not currently available to them.
- Top quality products bring value to your customers by enhancing their experience, and satisfied customers bring additional value to your city's brand.

Program Highlights

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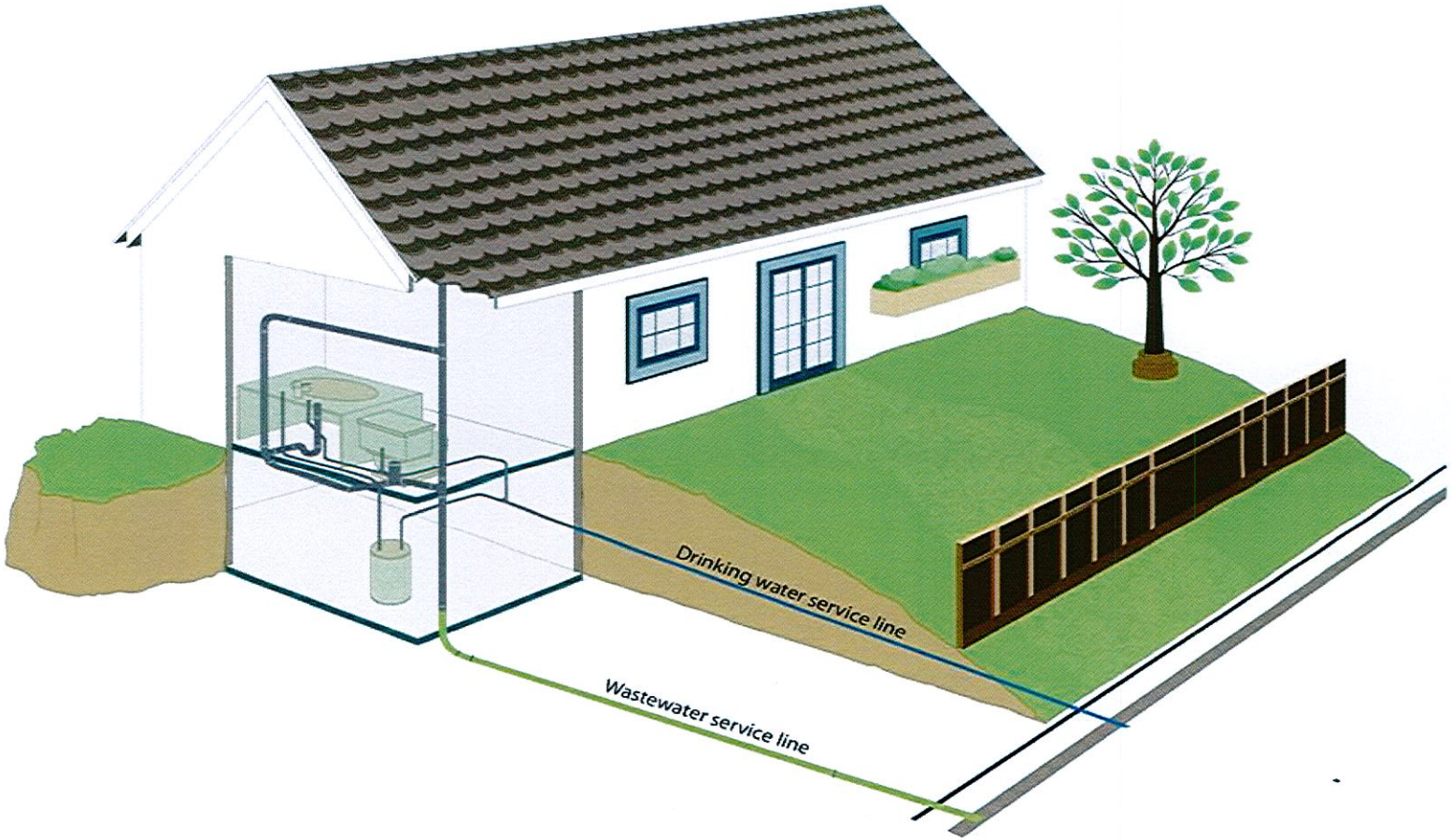
- No cost to the City of Sanford to participate
- No liability to the city
- Generates revenue for the City
- Affordable rates for your residents
- No long term contracts
- 24 / 7 customer service
- Service from trusted, local contractors
- All repairs performed to local code
- Fewer resident complaints and service calls
- Peace of mind for your residents and the city
- Strengthens the integrity of the utility system

Provides protection from the point of entry at the home to the utility responsibility



External Water & Sewer Line Product Overview

Product	Coverage Description	Coverage Limits per Occurrence
External Water Line Warranty	Covers the repair or replacement of a leaking or broken single underground water supply line serving the home. The warranty covers the consumer owned portion of the water supply line.	$4,000 plus $500 for public sidewalk repair

Product	Coverage Description	Coverage Limits per Occurrence
External Sewer Line Warranty	Covers the repair or replacement of a broken underground sewer line from the utility's main sewer line to the internal point of entry to the home.	$4,000 plus $4,000 for public street repair

- No longer term contracts
- $4,000 per occurrence, $4,000 public street cutting, if necessary
- Optional and voluntary
- Local Contractor Network used for all repairs
- No Pre-existing Conditions

Marketing Approach

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- With over 100 direct mail campaigns offering water and sewer line warranties, USP has been able to mine rich history to determine the optimal method and message for offering these products.
- USP relies solely on direct mail and public relations to generate awareness and interest in these products, no telemarketing.
- USP has found that sending the identical letter two weeks apart (with a header of "Reminder, Please disregard if you have already enrolled) significantly increases participation rates – to the tune of a 45% lift as a result of the second letter
- USP has also determined that these products are in fact seasonal, performing best in the spring and fall
- History has demonstrated that participation is optimized by offering the sewer line warranty first, followed by the water line warranty introduction
- Consumers can enroll one of three ways:
  - Calling the toll free number provided on the mailing;
  - Mailing in the Consumer reply portion of the letter in the envelope provided, or;
  - Visiting our consumer website www.slwofa.com at any time during or outside of a campaign cycle

Public Private Partnerships

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- Public entities are exploring public-private partnerships as a way to offset soaring budget deficits, and when it aligns with their objectives of benefiting the city and their residents by enhancing the consumer experience
- Have been around since the 1990's, interest in public-private partnerships has gained increased momentum following the 2008-2009 economic collapse and subsequent decline in tax revenue
- Cities are exploring sponsorships ranging from beverage vending rights to naming rights deals.
- Many cities are finding success using sponsorships to recapture lost revenues or generate new revenue streams and to underwrite capital improvements
- They are using the funds to upgrade their parks with sustainable plants, an energy-efficient field house and other environment-friendly improvements.
- In addition to accessing new revenue streams, some cities have found success offsetting expenses through public-private partnerships.

USP Customer Advocacy Results

BBB ACCREDITED BUSINESS SINCE 9/7/2007

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On a scale of A+ to F
Reason for Rating
BBB Ratings System
Overview

Customer Complaints Summary

Read complaint details

0 complaints closed with BBB in last 3 years | 0 closed in last 12 months

Complaint Type	Total Closed Complaints
Advertising/Sales Issues	0
Billing/Collection Issues	0
Delivery Issues	0
Guarantee/Warranty Issues	0
Problems with Product/Service	0
Total Closed Complaints	0

Definitions | BBB Complaint Process | File a Complaint

USP - Trusted Service Provider

Utility Service Partners, Inc.

- Endorsed by the National League of Cities
- Endorsed by North Central Texas Council of Governments
- Accredited by the Better Business Bureau with an A+ rating since 2007
- Clean Record with Regulatory Oversight with State Insurance Commissions and/or State Attorney General's Office
  - No fines, penalties, negative rulings, etc.
- Excel in all aspects of delivering successful programs to our clients
  - Marketing
  - Customer Service
  - Claims
  - Contractor Management

USP is Uniquely Qualified

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Superior Product and Program Design

- Critical factors for a successful program include:
  - Broad, customer friendly coverage in the Terms & Conditions;
  - Ease of participation – easy to enroll, file a claim or cancel;
  - Organizational culture focused on consumer advocacy (denied claims must be approved by Senior Management);
  - Affordable pricing, no hidden charges and attractive terms – month to month;
  - Small, local contractors committed to upholding USP customer service standards;
  - No up selling of other products
  - Business Interests are aligned
  - Effective but honest campaign messaging.

Low Claims Denial Rate

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Customer Advocacy

- USP takes customer satisfaction very seriously.
- Internal call center with 24/7/365 availability.
- Our customer advocacy philosophy drives our customer satisfaction rating of 96%.
- From 2009 through 2011 USP has processed 19,234 repair requests.
  - 325 claims denied
  - 1.7% denial rate
- The reason is simple – No claim can be denied without Senior Management review and approval.
- Given USP's customer advocacy culture coupled with the close working relationships with small local contractors, USP is able to approve 98% of all claims filed and 99.9% of all claims filed fall within our coverage caps.

Philosophy of Customer Advocacy

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Claims Processing

- When faced with the need for a repair, customers expect and deserve immediate assistance.
- USP provides assurance and support by using a simple, customer friendly approach.
- There are no forms or paperwork for the customer to complete.
- Customer calls USP, USP contacts contractor, Contractor calls homeowner, USP initiates work order, Contractor files invoice, USP pays contractor, USP surveys homeowner.
- No further effort on the part of the customer is required.
- This approach maximizes customer satisfaction and minimizes concerns by the Board's public and regulatory stakeholders.

Contractor Management

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Contractor Selection

- USP recruits only locally owned contractors. Local contractors understand and appreciate USP's customer service standards which are some of the highest in the industry
- Local contractors familiar with city code complete repairs effectively and efficiently, resulting in delighted customers.
- USP ensures that every participating contractor has both the desire and ability to quickly respond in their territory with the appropriate equipment and skilled labor.
- USP's policy of exclusively using local contractors to perform the repairs drives our customer satisfaction rating of 96%.
- USP has a proven track record of developing and working with SBE contractors in cities such as Atlanta and Milwaukee.

Implementation is Easy

- Obtain Commission approval
- Execute the Marketing Services Agreement
  - Provides for the use of City logo on marketing materials
  - Indemnifies the City
- Review and Approve Welcome Kit Materials
  - Press Release
  - Web Banner
  - Marketing Letter
  - Approve Mailing List
- Access to Partner Portal
  - Secure access to important information about enrollments, claims, and royalty payments

Summary

Utility Service Partners, Inc.

You Can Trust USP To Take Care Of Your Residents

- We are the only company endorsed and branded by the National League of Cities
- We serve over 150 cities and towns including Milwaukee, Phoenix, San Diego, Plano, Atlanta, Ft. Lauderdale, Kansas City as well as communities with only 100 households
- The only service provider with no complaints from the Better Business Bureau over the last 3 years
- We are not a telemarketer or a private utility company
- We will not upsell other products to your homeowners
- Most experienced management team
- Coverages are tailored to address your community's unique requirements
- City of will enjoy maximum participation through USP's marketing efforts
- We are a trusted partner and solution oriented company