

TOWN OF PRESCOTT VALLEY
COLLECTION SERVICES AGREEMENT

This agreement, dated April 12, 2012, by and between the Town of Prescott Valley, a political subdivision of the State of Arizona, hereinafter referred to as TOWN, and Valley Collection Services, hereinafter referred to as CONTRACTOR.

RECITALS

WHEREAS, the TOWN desires to enter into a Collection Services Agreement to allow the Town of Prescott Valley to utilize professional debt collection services as their requirements dictate; and

WHEREAS, it has been determined that the interests of the Town of Prescott Valley, would be served by execution of a Collection Services Agreement with CONTRACTOR.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS.

1. **Service Requirements.** The Town of Prescott Valley shall receive services pursuant to this Agreement on an "as needed" basis. The TOWN does not guarantee the CONTRACTOR any minimum or maximum volume of accounts pursuant to this Agreement. From time to time, the Town of Prescott Valley will assign cases pursuant to this Agreement and will provide lists of receivables for collection.
2. **Term of Agreement.** The initial term of this Agreement shall commence as of the date specified above and shall remain in effect unless written notice of intent not to renew is given to CONTRACTOR by the TOWN. However, written notice of termination may be given at any time by the Town of Prescott Valley. Such notice of termination shall be effective upon receipt.
3. **Scope of Services.** The services to be provided pursuant to this Agreement include, but are not limited to, the following.
 - A. **Start-Up and Operating Costs.** The CONTRACTOR is responsible for all start-up and operating costs and all facilities, supplies, equipment, staff and communications necessary for the collection of Town of Prescott Valley receivables pursuant to this

Agreement shall be provided by the CONTRACTOR at no cost to the Town of Prescott Valley, other than the fees specified herein.

- B. Training.** The CONTRACTOR shall provide training to Town of Prescott Valley staff to facilitate communication and understanding between the Town of Prescott Valley and the CONTRACTOR concerning the services provided by the CONTRACTOR and the Town of Prescott Valley responsibilities.
- C. Credit Card Payments.** The CONTRACTOR shall accept credit card payments.
- D. Payer Contacts.** The CONTRACTOR is responsible for attempting to contact payers when insufficient data is available to identify the correct corresponding cases and parties.
- E. Insufficient Fund Items.** The CONTRACTOR is responsible for collecting insufficient fund items. The CONTRACTOR may assess a charge for returned check items pursuant to A.R.S. Section 44-8652.
- F. Credit Reporting.** The CONTRACTOR shall report outstanding receivables on behalf of the Town of Prescott Valley to a nationally available credit history reporting database (credit bureau), to the extent that the information is accepted by the credit bureau. The parties acknowledge that the credit bureaus have different requirements for such reporting and the CONTRACTOR shall, with the approval of the Town of Prescott Valley, select a credit bureau that will best serve the reporting needs of the Town of Prescott Valley. There shall be no additional fee for this service.
- G. Tracing.** The CONTRACTOR shall utilize various skip-tracking and collection techniques to locate defendants. Techniques shall include the capability to communicate in Spanish, both orally and in writing, to pursue defendants residing within the boundaries of the United States, including military bases and Indian Reservations or in foreign countries.
- H. Legal Actions.** The CONTRACTOR shall not institute any legal action on any account without the written approval of the Town of Prescott Valley. In the event of such authorization, the TOWN authorizes the CONTRACTOR to file such legal actions in the name of the TOWN as plaintiff. CONTRACTOR shall advance all court costs and attorney's fees in suits filed on behalf of TOWN. Legal fees and costs shall be deducted from any judgment granted by the Town of Prescott Valley. TOWN is not otherwise liable for CONTRACTOR's advanced fees and costs.
- I. Judgments.** Judgments will be assigned to the CONTRACTOR on a contingency basis only and must be collected by the CONTRACTOR on behalf of the Town of Prescott Valley.

4. **Fees and Payments.** For debt collection services provided pursuant to this Agreement, the CONTRACTOR shall receive a fee of twenty percent (20%) of balances referred for collection, which shall be retained by the CONTRACTOR from monies actually collected in the manner set forth herein. Upon referral of an account, CONTRACTOR shall add an amount equal to twenty percent (20%) of the unpaid balance referred. This sum shall be the "Total Obligation for Collection" and shall be identified in the initial communication to the defendant/debtor. Upon receipt of a total or partial payment of the Total Obligation for Collection, the CONTRACTOR shall transmit eighty percent (80%) of the entire amount of each such payment received to the Town of Prescott Valley and shall retain the remaining twenty percent (20%) for its fee. No portion of the Total Obligation for Collection that is not collected by CONTRACTOR shall be subject to a fee unless expressly provided otherwise in this Agreement. The percentage fees as provided in this Section shall constitute the only payment to be made to CONTRACTOR for services provided pursuant to this Agreement. Payments to the Town of Prescott Valley shall be made weekly by check, payable to the Town of Prescott Valley. Payments shall be accompanied by a worksheet, in a form approved by the TOWN, which shall identify each payment received by date, amount, fee retained and net proceeds to the Town of Prescott Valley. In addition to the provisions herein for transmittal of payments, CONTRACTOR shall provide written notification to the Town of Prescott Valley when the Total Obligation for Collection has been fully paid on any referred account, said notification to be sent within twenty-four (24) hours of receipt of the final payment on the account.

The CONTRACTOR's fee shall apply to payments made directly to the Town of Prescott Valley, as well as payments made directly to the CONTRACTOR on those receivables assigned to the CONTRACTOR. The Town of Prescott Valley will provide the CONTRACTOR with a report itemizing the payments they have received directly on receivables assigned to the CONTRACTOR and shall transmit such payments to the CONTRACTOR upon receipt. The parties agree that prompt reporting and reconciliation of payments made by debtors is a material mutual obligation under this Agreement. The Town of Prescott Valley may, at its option, decline to accept direct payments and instruct all debtors to make payments on to CONTRACTOR.

The parties understand and agree that the Town of Prescott Valley may pursue the collection of certain accounts independently and without referral to CONTRACTOR. In that event, CONTRACTOR shall not be entitled to fees or other compensation for collections arising from the efforts of the Town of Prescott Valley's own employees or agents.

Payments received in the Town of Prescott Valley within the first ten (10) days after the date of the referral of an account to the CONTRACTOR, shall not be subject to the CONTRACTOR's fee. Payments received by the Town of Prescott Valley within the first ten (10) days after recall or on account or expiration, termination or cancellation of this Agreement will be subject to the CONTRACTOR's fee. Payments received by the Town of Prescott Valley after such date, shall not be subject to the CONTRACTOR's fee unless specifically authorized in writing by the Town of Prescott Valley.

5. **Exceptions to Fee Requirements.** CONTRACTOR agrees that the following are exempt from payment of collection fees pursuant to this Agreement:
 - A. Fines collected in advance of acceptance of referral by CONTRACTOR.
6. **Assignment of Accounts.** The Town of Prescott Valley, in its sole discretion, will assign accounts receivable and other monies due the Town of Prescott Valley from any and all sources. CONTRACTOR shall pursue collection of the assigned receivables using its customary collections practices subject to the terms and conditions of this Agreement. CONTRACTOR shall abide by all applicable State and Federal laws and regulations governing collection practices.
7. **Approval of Collection Documents and Methods.** CONTRACTOR shall provide the Town of Prescott Valley with copies of collection letters and scripts to be used by the CONTRACTOR in providing services to this Agreement. Letters, scripts and collection methods shall be subject to review and approval by the Town of Prescott Valley.
8. **Transmittal and Processing of Records.** The Town of Prescott Valley will supply CONTRACTOR with copies of pertinent records for accounts referred for collection. CONTRACTOR shall not have access to original Town of Prescott Valley case files for the purposes set forth in this Section. The CONTRACTOR and the Town of Prescott Valley may establish more detailed procedures for transmittal as deemed necessary.
9. **Referral of Account to Another Agency.** In the event that the party responsible for an account referred to CONTRACTOR leaves the geographic area served by the CONTRACTOR, CONTRACTOR may, with authorization by the Town of Prescott Valley, refer the account to another agency located in the area to which the responsible party has relocated. CONTRACTOR shall remain responsible to the Town of Prescott Valley for all activity on such referred accounts and for any additional fees associated with such referrals.
10. **Records and Inspections.** CONTRACTOR shall maintain all financial records and other documents relating to CONTRACTOR's performance pursuant to this Agreement for a minimum of five (5) years and shall make such records available to TOWN, the Town of Prescott Valley and their authorized agents on request for inspection or audit during normal business hours.
11. **Recall of Referred Account.** At its sole discretion, the Town of Prescott Valley may recall any account referred to the CONTRACTOR at any time. Upon receipt of notice, CONTRACTOR shall classify the account as recalled and return the pertinent records and documents to the Town of Prescott Valley without charge or penalty.
12. **Indemnification.** CONTRACTOR agrees to defend, indemnify and hold harmless the TOWN, its officers, employees and agents and the officers, employees and agents of the Town of Prescott Valley each severally and separately against any and all liabilities, demands, claims, damages, losses, costs and expenses whatsoever kind or nature arising out

of, resulting from, or which would not have occurred or existed but for the negligence of the CONTRACTOR, its employees or agents. The amount and type of insurance coverage requirements set forth in this Agreement, will in no way be construed as limiting the scope of indemnity as provided in this Section.

13. Upon Termination.

A. Return of Accounts Upon Termination. Following termination of this Agreement by either party or termination of participation by the Town of Prescott Valley for any reason, the CONTRACTOR shall return all accounts to the Town of Prescott Valley in a mutually agreed upon medium regardless of the status of payments or other arrangements made on the accounts. The CONTRACTOR shall balance total accounts receivable returned to the Town of Prescott Valley with the last monthly receivable report provided by the CONTRACTOR. If the CONTRACTOR has notified a credit bureau of the receivable, the CONTRACTOR shall notify the credit bureau to remove the receivable when the accounts are returned to the Town of Prescott Valley. Upon request, the CONTRACTOR shall provide a summary of financial activity, including original amount referred, total adjustments, total payments, ending balance, all demographic data including defendants name, last known address, last known phone number, for all accounts receivable, number. The report shall be in a format acceptable to the Court Town of Prescott Valley.

The CONTRACTOR understands that the Agreement will not be considered terminated until all receivables are returned to the Town of Prescott Valley, or their designee, and have been validated and accepted by the Town of Prescott Valley. The CONTRACTOR agrees to maintain all contracted services and shall continue normal payment remittance schedules during the validation and acceptance period. The CONTRACTOR shall forward to the Town of Prescott Valley, or their designee(s), all phone calls, correspondence and payments related to the accounts returned to the Town of Prescott Valley for a period of forty-five (45) days after the closing date.

14. Disputes. In the event of any dispute between the parties or between the CONTRACTOR and Town of Prescott Valley arising from performance of the parties or Town of Prescott Valley pursuant to the terms of this Agreement, the affected parties will attempt to resolve the matter by *mutual agreement*. In the event that the dispute cannot be resolved within thirty (30) days of receipt of written notice of the dispute by all parties, the parties agree to use arbitration where the sole relief is monetary damages of Five Thousand Dollars (\$5,000.00) or less, pursuant to A.R.S. Section 12-1518. In the event that a lawsuit is filed, the parties waive any right to trial by jury and agree to a trial before the court.

15. Independent Contractor Status. The CONTRACTOR is an independent contractor with respect to its performance of services pursuant to this Agreement. CONTRACTOR or its employees shall not be deemed to be employees of the TOWN or the Town of Prescott Valley for any purpose whatsoever. CONTRACTOR is not entitled to payment,

compensation or benefits for services rendered pursuant to this Agreement other than that expressly set forth in Section 8 of this Agreement.

16. **Notices.** Notices required or permitted, pursuant to this Agreement, shall be sent by certified mail, postage prepaid to the following addresses:

TOWN

Town of Prescott Valley
7501 E. Civic Circle
Prescott Valley, AZ 86314

CONTRACTOR

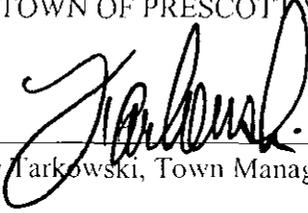
Valley Collection Service
7025 North 58th Avenue
Glendale, AZ 85301

17. **Town of Prescott Valley/Contractor Representatives.** CONTRACTOR and the Town of Prescott Valley shall identify a representative to be contacted for prompt resolution of matters involving particular accounts or other issues with respect to the performance of the parties pursuant to this agreement.

IN WITNESS WHEREOF, The parties have caused this instrument to be executed as of the date first above written.

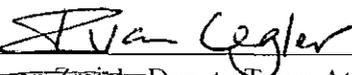
APPROVALS

TOWN: TOWN OF PRESCOTT VALLEY

BY:  _____
Larry Tarkowski, Town Manager

4.16.12
Date

APPROVED AS TO FORM:

By:  _____
~~Steven Zraick, Deputy~~ Town Attorney
Ivan Legler,

4/13/12
Date

ATTEST:

By: Diane Russell 4-12-12
Diane Russell, Town Clerk Date

CONTRACTOR: Valley Collections

By: Scott Maxam 4-19-12
Sr. Associate Date
Sr. Associate
Title