

**SERVICES AGREEMENT**

THIS AGREEMENT, entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ in the year of 2013, with an effective date of January 1, 2014, by and between LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government created pursuant to KRS Chapter 67A (hereinafter the "Client" or "LFUCG"), and PROFESSIONAL RECOVERY CONSULTANTS, INC., a North Carolina corporation with its principal office located at 2700 Meridian Parkway, Suite 200, Durham, North Carolina, 27713 (hereinafter "PRC" or "Agency").

**WITNESSETH**

WHEREAS, PRC was selected as the most responsive to LFUCG's RFP No. 17-2013 Collection Services; and

WHEREAS, the LFUCG desires to avail itself of the experience, resources, and facilities of the Agency and to have the Agency certain duties and responsibilities and to perform certain services on behalf of the LFUCG, as provided herein; and

WHEREAS, the Agency is willing to provide such services on the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt, mutuality, and sufficiency of which is hereby acknowledged by the parties hereto, LFUCG and PRC, intending to be legally bound, agree as follows:

**1. DOCUMENTS.**

This Agreement shall consist of the terms and provisions herein, LFUCG's RFP No. 17-2013 Collection Services (the "RFP"), which is attached as Exhibit "A" and incorporated herein by reference as if fully stated, PRC's Response dated \_\_\_\_, 2013, which is attached as Exhibit "B" and incorporated herein by reference as if fully stated. To the extent of any conflict among and of these documents, the terms and provisions of this Agreement shall prevail, followed by the RFP and the Response.

**2. DUTIES AND RESPONSIBILITIES; SCOPE OF SERVICES; WORK STANDARDS.**

The Agency is to provide LFUCG with full service debt collection services on all accounts which are referred to the Agency by LFUCG. The services are more fully described in PRC's Response to the RFP, which is attached hereto as Exhibit "B" and incorporated herein by reference as if fully stated, and as further stated herein.

A. Debtor Contact. PRC will mail notices, telephone and/or otherwise contact those individuals (as referred to herein, the "Debtors") who the LFUCG has identified as having outstanding and unpaid fees, fines or similar items payable. PRC's contacts with Debtors will be to attempt to notify Debtors of their obligation(s) to the LFUCG. The purpose of the contact is to offer Debtors the opportunity to resolve their obligation voluntarily before the LFUCG contemplates further action, if any. With respect to each account referred, the LFUCG will provide to the name and last known address of the Debtor, all information regarding the date(s) of the alleged obligation(s), the type of obligation(s), the date of any judgment, and the amount of any such obligation(s). The information supplied to PRC by the LFUCG must be in a format

acceptable to PRC and shall be provided not less frequently than once every month and as otherwise agreed to by the parties.

B. Collection time; Recalls. The LFUCG will allow PRC to collect accounts for an indefinite period of time until LFUCG requests a recall of accounts. While PRC may actively work accounts for 180 or 360 days, PRC will maintain the reporting of these accounts with all three national credit bureaus; Experian, TransUnion and Equifax, for up to 7 years from the date of delinquency. In addition PRC will also utilize collection triggers in order to obtain new credit or skip trace information indefinitely. Upon written request by the LFUCG (which may be provided to the appropriate point of contact via e-mail), PRC will cease contacting a Debtor whose account remains outstanding at the time of the written request. Notwithstanding the above, PRC agrees the LFUCG has the right to recall accounts that are bona-fide placed in error, bankruptcy, deceased, charity write-off or other situation which involve forgiveness of debt with no monies being received by the LFUCG. PRC also agrees that LFUCG may recall or withdraw a limited number of accounts on other basis as further agreed to by the parties. The parties agree that LFUCG can alter the amount of time that PRC has to keep the accounts at any point in time by written request. LFUCG also agrees to report all payments/adjustments to PRC during the time PRC maintains accounts to ensure that credit reports are accurate and up to date.

C. Debtors Referred to the LFUCG. Agency will refer Debtors who wish to resolve their obligation with the LFUCG other than by payment to the person designated by the LFUCG to respond to the Debtor's request.

D. Valid Debts. The LFUCG agrees that Debtor accounts placed with the Agency for collection will be valid and legally enforceable debts and not disputed or subject to any bankruptcy proceeding unless otherwise disclosed in writing.

E. Legal Action/Credit Bureaus. LFUCG authorizes PRC to report delinquent accounts to the credit bureau(s) of PRC's choice. PRC makes no warranties or representations, express or implied, about the amounts that will be collected, and shall have no liability for any amounts uncollected. The only liability of PRC will be to forward any collected funds on behalf of the LFUCG to the LFUCG as set forth herein. In no event shall PRC be required to bring any suit for the collection of any uncollected amounts.

F. Notification of Collections. PRC will notify the LFUCG daily of any monies it receives from Debtors towards payments of obligations due and owing to the LFUCG. By the fifteenth of each month, PRC will provide detailed reporting to the LFUCG to identify all accounts known to be resolved during the prior month and to remit monies collected on the LFUCG's behalf.

G. Programming and Custom Reporting.

The parties anticipate that the Agency may require up to thirty (30) days to complete any special programming projects. LFUCG understands that it must provide Agency with any necessary key materials in advance and that it has completed all necessary configurations to exchange information. Agency can also generate Custom reports upon request from the LFUCG upon being provided at least forty-eight (48) hours advance notice.

H. Payment Reporting.

The LFUCG agrees to report direct payments daily but no later than seventy (72) business hours after receipt so that the Agency can update its system, the customer's credit report (if

applicable) and to ensure the Agency's contact with the account holder will reflect an accurate account balance and lessen adverse customer reaction. LFUCG and Agency will determine before the first placement the frequency of reporting payments to Agency.

I. Settlements.

Confirmed settlements will not be made or executed without prior written authorization from the LFUCG's designated contact. If the LFUCG gives a blanket authority for settlements, Agency will report back to the LFUCG which accounts were "settled", so that LFUCG can make the adjustments to the balance in their system.

J. Conformity.

Agency agrees that all its collection efforts will be in compliance with federal and state laws and regulations.

K. Reconciliations.

Agency requires that the LFUCG agree to yearly balance reconciliations at a minimum. This reconciliation is vital so that the Agency' records are accurate, minimizing any potential risks from attempting to collect erroneous balances, having incorrect balances listed with the credit bureau and to ensure that the Agency has all payments made by debtors reported to us. This will also ensure that the debtor's data on the LFUCG system is accurate. The process for reconciliation will be finalized at implementation of the contract.

**3. COMPENSATION.**

PRC is entitled to collect a contingency fee on all amounts actually collected in the amount of 17.85% for performing the services under this Agreement. The fee is only charged for actual recoveries. LFUCG agrees and understands that PRC will be due commission on any accounts seventy-two (72) hours after accounts have been received, regardless of source of payment. The contingency fee is the only compensation for which Agency is entitled under this Agreement.

**4. TERM.**

This Agreement shall be for an initial term of two (2) years from the effective date and is subject to automatic renewal for up to three (3) additional terms of one (1) year each, unless either party provides written notice to the other of its intent to cancel this Agreement at least sixty (60) days prior to expiration of the term. LFUCG may terminate this Agreement at any time and for any reason by providing PRC at least sixty (60) days advanced written notice. Upon such termination PRC will be entitled to all amounts owed for services performed. Either party may terminate this Agreement for cause by providing the other party with written notice after providing at least thirty (30) days to cure. All rights and obligations incurred by either party shall survive such termination.

**5. INDEMNITY AND INSURANCE.**

PRC agrees to fully comply with the risk management provisions (including the indemnity provisions and insurance provisions) included as part of RFP No. 17-2013, which are incorporated herein as if full stated. To the extent allowable by law and without waiving sovereign immunity or any other third party defense, LFUCG agrees to hold PRC and its officers, agents and employees, harmless from liability of any kind, including all claims and losses

accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with its performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by LFUCG in the performance of this Agreement. The representations and warranties in this section, including those incorporated by reference, shall survive the termination or expiration of this Agreement.

**6. FORCE MAJEURE.**

The Agency shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the Agency due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

**7. INDEPENDENT CONTRACTOR.**

The Agency, and its employees, officers and representatives shall not be deemed to be employees, agents, partners, servants, and/or joint ventures of the LFUCG by virtue of this Agreement or any actions or services rendered under this Agreement.

**8. BOOKS, RECORDS, REPORTS, AND ACCOUNTING.**

The Agency shall maintain appropriate records of all its activities hereunder. The LFUCG will be allowed the right to review all materials utilized in the collection process. In addition, all files and records pertaining to LFUCG's accounts will be available at Agency's office for review and audit. In addition, LFUCG shall have the ability to access its accounts via the internet with PRC's FACSWeb product, for any purposes including remote auditing.

Finality of Accounting to LFUCG: Upon Agency furnishing the LFUCG with a full accounting of its fees, costs and charges under this Agreement, LFUCG will examine each such accounting and raise any objections to the accounting, in writing, within sixty (60) days after receipt of such accounting. LFUCG's failure to raise any such objection to Agency's accounting during the sixty (60) day period will be deemed a full and final acceptance by LFUCG of Agency's accounting for that month.

**9. MODIFICATION.**

This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns.

**10. SUCCESSORS AND ASSIGNS.**

The provisions of this Agreement shall be binding on the Advisors and their respective successors and assigns, provided, however, that the rights and obligations of the Advisors may not be assigned without the consent of the LFUCG.

**11. NOTICE**

Any written notices required under this Agreement shall be sent by regular mail, certified mail, overnight delivery or courier, and shall be deemed given when received at the parties'

respective addresses shown below. Either party must notify the other party in writing of a change in address or contact.

Client's Address

Lexington-Fayette Urban County Government  
Government Center  
200 East Main Street  
Lexington, KY 40507  
Attn: William O'Mara, Commissioner of Finance

Agency's Address

Professional Recovery Consultants, Inc.  
2700 Meridian Parkway  
Suite 200  
Durham, NC 27713  
Attn:

**12. SUBCONTRACTING.**

The Agency shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the LFUCG.

**13. APPLICABLE LAW.**

This Agreement shall be construed, enforced, and administered according to the laws of the Commonwealth of Kentucky. The Agency and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit.

**14. EXECUTION AND SEVERABILITY.**

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision. Each party to this Agreement represents that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date set forth in the first paragraph of this Agreement.

LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT

BY: \_\_\_\_\_  
JIM GRAY, MAYOR

ATTEST:

\_\_\_\_\_  
CLERK OF URBAN COUNTY COUNCIL

PROFESSIONAL RECOVERY  
CONSULTANTS, INC.

BY: \_\_\_\_\_  
GEOFF MILLER

STATE OF \_\_\_\_\_ )  
  )  
COUNTY OF \_\_\_\_\_ )

The foregoing Agreement was subscribed, sworn to and acknowledged before me by  
Geoff Miller, as \_\_\_\_\_, for and on behalf of the Professional Recovery  
Consultants, Inc., on this the \_\_\_\_ day of \_\_\_\_\_, 2013.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC, STATE AT LARGE, KY