

## **COLLECTION SERVICES AGREEMENT**

This Collection Services Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014 (the "Effective Date"), by and between Gila LLC d/b/a Municipal Services Bureau, a Texas limited liability company (hereinafter, "MSB") with its principal place of business at 8325 Tuscany Way, Bldg. 4, Austin, Texas 78754, and the City of Lawrence, Kansas, a municipal corporation, (hereinafter, the "City"), who agree as follows:

### **I. DUTIES AND RESPONSIBILITIES.**

Account placements shall be at the Court's option. Once an account is placed with MSB, the court shall cease further collection efforts except for the State of Kansas Debt setoff.

A. Defendant Contact. MSB will mail notices, telephone or otherwise contact those individuals who the City's Municipal Court ("Court") has identified to MSB as having outstanding and unpaid fines, fees or similar items payable to the Court (these individuals are referred to herein as the "Defendants") in order to attempt to notify Defendants of their obligation to the Court. The purpose of the contact is to offer Defendants the opportunity to resolve their obligation voluntarily, before the Court contemplates further action. The Court will provide the name and last known address of the Defendants, all information regarding the date(s) of the alleged violation(s), the date judgment was entered against the Defendants in the Court having jurisdiction over the matter or the date the citation was filed, and the amount of any such fine(s). The Court, to the extent available, will also supply MSB with any other information about a Defendant such as driver license number, social security number and telephone number. MSB agrees to use best practices within the collections industry to secure and protect said information and shall indemnify and hold the City harmless from any and all claims, suits, loss, liability, damage or injury arising out of MSB's use of said information. When appropriate, MSB will attempt to locate Defendants when the last known address is invalid. The information supplied to MSB by the Court must be in a format acceptable to MSB and shall be provided not less frequently than monthly or as authorized by the Municipal Judge. MSB shall submit to the City, within 10 days of execution of this Agreement, all notices, telephone scripts and other communications MSB intends to use in its efforts to collect outstanding and unpaid fines, fees or similar obligations on the City's behalf to the Court's administrator for review and approval. MSB shall not change its notices, telephone scripts or other outgoing communications sent on the City's behalf without the prior written approval of the City.

B. Correct Information. MSB will rely completely on the Court to provide correct information about the Defendants' existing cases and, specifically, about any dollar amount in question and the Court will immediately update and correct any information it has provided to MSB. In particular, the Court will immediately notify MSB of any payment or other satisfaction of judgment made directly to the Court or any other action affecting the amount or timing of monies owed by the Defendants to the Court.

C. Accounts Returned. The Court will allow MSB a minimum of 365 days to contact a Defendant about his/her/its account. This time period will begin with the first day of the following month in which the account was referred to MSB. During this 365 day period, the Court agrees not to contact Defendants or otherwise attempt to collect monies for those Defendants whose accounts have been referred to MSB, though nothing contained herein shall

limit or otherwise restrict the Court's ability to accept monies forwarded or otherwise directly paid by any Defendant to the Court or to respond to inquiries from any Defendant regarding an account or outstanding fine, fee or other obligation due to the Court. Upon written request by the Court, MSB will cease contacting a Defendant whose account remains outstanding at the time of the written request. Upon written request by the Court, MSB will return any Defendant's account to the Court.

D. Defendants Referred to the Court. In the event MSB receives a request from a Defendant to resolve their obligation in a method other than by payment (i.e., a notification of bankruptcy or other extenuating circumstances), MSB will refer those Defendants who wish to resolve their obligation with the Court other than by payment to the person designated by the Court to respond to the Defendant's request.

E. Valid Debts. The Court agrees that Defendant accounts placed with MSB for collection will be valid and legally enforceable debts and not disputed or subject to any bankruptcy proceeding unless otherwise disclosed in writing to MSB by the Court.

## II. COMMISSIONS ON MONIES COLLECTED.

A. 1. Basic Commission Rate—Accounts Under \$1000.00. In accordance with applicable Kansas law, twenty-five (25%) percent may be added by the Court to the total amount due from a Defendant when the case is referred to MSB for collection. The Court may also instruct MSB to add the fee upon MSB's receipt of case information. It is at the Court's sole discretion as to which Defendant accounts are subject to this twenty-five (25%) percent add-on. For all Defendant accounts referred by the Court to MSB for which the Court is paid (in whole or in part), regardless of whether payment is accepted directly by the Court or by MSB on the Court's behalf, the Court will pay to MSB, in Travis County, Texas, a twenty (20.00%) percent commission rate on the amount collected (the "Fee").

Example:      \$100 original balance x 125% = \$125.00.  
                     \$125.00 collected x 20.00% fee = \$25.00 Fee.

2. Basic Commission Rate—Accounts Over \$1000.00. In accordance with applicable Kansas law, twenty three and forty-six one hundredth (23.46%) percent may be added by the Court to the total amount due from a Defendant when the case is referred to MSB for collection. The Court may also instruct MSB to add the fee upon MSB's receipt of case information. It is at the Court's sole discretion as to which Defendant accounts are subject to this twenty three and forty-six one hundredth (23.46%) percent add-on. For all Defendant accounts referred by the Court to MSB for which the Court is paid (in whole or in part), regardless of whether payment is accepted directly by the Court or by MSB on the Court's behalf, the Court will pay to MSB, in Travis County, Texas, a nineteen and two one-thousandth (19.002%) percent commission rate on the amount collected (the "Fee").

Example:      \$100 original balance x 12346% = \$123.46.  
                     \$123.46 collected x 19.002% fee = \$23.46 Fee.

B. Notification of Collections. MSB will notify, in a mutually agreed-to format, the Court daily of any monies it receives from Defendants towards payments of obligations due and

owing to the Court. By the fifteenth of each month, MSB will provide detailed reporting to the Court to identify all accounts known to be resolved during the prior month and to remit monies collected on the Court's behalf. MSB makes no warranties or representations, expressed or implied, about the amount of funds that will be collected and MSB shall have no liability for any amounts uncollected. The only liability of MSB will be to forward any funds collected to the Court, subject to MSB retaining its commission amount (as set forth above), which the Court authorizes MSB to deduct from monies received and collected by MSB in advance of forwarding the remaining funds to the Court. The Court authorizes MSB to deduct commissions due on those monies paid directly to MSB from amounts collected by MSB.

C. For funds collected directly by the Court on Defendant accounts referred to MSB, the Court will notify MSB as soon as possible, but not less than weekly, and MSB will invoice the Court for the commission due to MSB. The Court agrees to review the invoice and forward payment to MSB within 30 days of receipt of the invoice. Should a payment of commission due under this Agreement not be made to MSB within 45 days after the Court's receipt of MSB's invoice and the Court fails to provide a written dispute as to any one particular account or the amount due and owing under the invoice, MSB shall be entitled to immediately offset any amount due and then owing to MSB from monies due to be forwarded to the Court to satisfy any outstanding amount then due and owing to MSB.

D. Court Access to Records. MSB shall allow the Court or Court's designee to access MSB's operation and selected financial records upon request, and at the Court's sole cost and expense, subject to reasonable notice and minimum of disruption to the operations. MSB will cooperate fully with the Court or Court's designee in connection with audit functions or with regard to examinations by regulatory authorities. MSB shall provide upon request, a report of internal controls used to protect the security and integrity of documents and data submitted to MSB by the Court. MSB shall immediately report to the Court any breach of MSB's security systems, such report to include the known or anticipated effect on the Court, and corrective measures instituted by MSB.

E. With respect to records related to this collection agreement, the Court shall comply with the Kansas Open Records Act. To the extent the Court may discretionally disclose public records pursuant to a valid exception of the Kansas Open Records Act, the Court may but shall not be required, to disclose a public record.

### III. TERM AND TERMINATION.

This Agreement will commence on its Effective Date and will remain in full force and effect for a period of two (2) years. This Agreement shall automatically renew for two (2) annual additional periods unless terminated by either party to other upon written notice by the first day of the business month in which the current Agreement expires. It is understood that the Agreement shall be renewed at the same price and under the same conditions governing the Agreement.

If the Agreement is terminated, any case information and all monies due but not yet paid and then held by MSB will be returned to the Court within fifteen (15) days of the date of termination. This Agreement supersedes all prior oral and written agreements between the parties and can only be amended if done so in writing and signed by all parties.

#### IV. OTHER PROVISIONS.

##### A. Indemnification.

(1) Indemnification by MSB. To the extent permitted by applicable law, MSB will indemnify and hold harmless the Court from and against any and all loss, damages, liability, claims or injury resulting from actions performed by MSB or its agents on MSB's behalf in connection with this Agreement. This indemnity will survive the expiration or termination of this Agreement.

(2) Indemnification by the Court. To the extent permitted by applicable law, the City will indemnify and hold harmless MSB from and against loss, damages, liability, claims or injury resulting from actions performed by the City, its officials and employees, or its agents acting on the City's behalf in connection with this Agreement. This indemnity will survive the expiration or termination of this Agreement.

B. Compliance with Applicable Law. MSB agrees to comply with all applicable Federal, state, county and local laws, ordinances, regulations and codes in the performance of its services and obligations under this Agreement, including, but not limited to, the procurement of all required licenses and certificates where required and payment of applicable taxes.

C. Applicable Law. This Agreement will be construed in accordance with the laws of the State of Kansas.

D. Force Majeure. No party shall be liable for any failure to perform its obligations in connection with any action described in this Agreement, if such failure results from any act of God, riot, war, civil unrest, flood, earthquake, or other cause beyond such party's reasonable control (including any mechanical, electronic, or communications failure, but excluding failure caused by a party's financial condition or negligence).

E. Notices required or otherwise arising from this Agreement shall be sent the following:

Notices to MSB:	Municipal Services Bureau 8325 Tuscany Way, Bldg. 4 Austin, Texas 78754 Attention: Bruce Cummings Bruce.Cummings@gilacorp.com
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Notices to the Court:	Vicki Stanwix, Court Administrator City of Lawrence, Kansas Municipal Court
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1006 New Hampshire Street  
Lawrence, Kansas 66044

F. Amendments to Agreement. All changes requested to the terms of this Agreement will be submitted, in writing, at least thirty (30) calendar days prior to the effective date of the optional renewal period. Any changes may be at the request of either party to the Agreement and must be directed to the attention of either the City Attorney or the contact person of MSB. Change requests must be sent by certified mail. Changes to the Agreement must be mutually agreeable to both parties, and the concurrence must be in writing. Final approval/disapproval of all amendments to the Contract will be made by the City Attorney.

IN WITNESS WHEREOF, the parties to this Agreement have signed and delivered this Agreement as of the Effective written above.

**GILA LLC D/B/A MUNICIPAL SERVICES BUREAU:**

By: \_\_\_\_\_  
Name: Bruce Cummings  
Title: CEO

**CITY OF LAWRENCE, KANSAS:**

By: David L. Corliss  
Its City Manager and representative duly authorized to execute this Agreement.