

## COMPLIANCE AUDIT AGREEMENT

**THIS COMPLIANCE AUDIT AGREEMENT** ("Agreement") is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between PRA Government Services, LLC, a Delaware limited liability company d/b/a RDS ("RDS"), and City of Norman, an Oklahoma municipal corporation ("CLIENT")(each of RDS and CLIENT a "Party" and together the "Parties").

1. Designation of Auditing Services to be Performed. RDS will perform compliance Auditing Services, as defined below, on behalf of the CLIENT related to revenues as designated by the CLIENT. These auditing services may relate to the following types of revenue, among others: Sales & Use Tax, Rental (Lease) Tax, Lodgings Tax, Transient Occupancy Tax, Hotel/Motel Tax, Alcohol Tax, Tobacco Tax, Business License Tax, Business Occupation Tax, Employer Occupational Tax, Motor Fuels Tax, Gasoline/Diesel Tax, Severance Tax, and other taxes and fees.
2. Information Provided. CLIENT represents that the information provided to RDS in the performance of services hereunder shall be provided free and clear of the claims of third parties. CLIENT represents that it has the right to provide this information to RDS and that said information shall not be defamatory or otherwise expose RDS to liability to third parties.
3. Compliance with Laws. Each Party accepts responsibility for and agrees to comply with all federal, state, and local laws (statutory and judicial), regulations, ordinances, and directives that are applicable to it in relation to the performance of its obligations under and in relation to this Agreement.
4. Audit Procedures & Methodology. RDS will comply with any Taxpayer Bill of Rights, including review and appeals processes, statutory guidelines or administrative procedures as outlined in applicable authoritative sources. Authoritative documentation related to services as provided for in this agreement is outlined in Oklahoma Administrative Code Title 710.
5. Auditing Services, Fees, and Expenses.
  - i. RDS Compliance Auditing Services. "Auditing Services" to be performed by RDS for CLIENT under this Agreement include all services undertaken by RDS personnel in auditing for compliance with payment obligations for the taxes and fees designated by CLIENT hereunder, including without limitation all preparation for the performance of an audit, any research or statistical analysis performed in relation to an audit, examination of the books and records of the taxpayer, an assessment of the amount due (if applicable), and all services related to closing an audit.
  - ii. RDS Fees and Reimbursable Expenses. CLIENT agrees to pay RDS fees ("Fees") based on all time recorded by RDS personnel performing Auditing Services for CLIENT at an hourly rate of eighty-five dollars (\$85.00). There shall be no contingent fees. Each year on the anniversary of the Effective Date of this Agreement, the hourly rate will increase by 3%.
    1. Travel Expenses: Client will be billed for reasonable travel expenses, including mileage, hotel fees and per diem in accordance with federally approved travel guidelines.
    2. Billing Increments in Computing Fees: Time will be recorded in 6-minute intervals (.1 hours).
    3. Shared Audit Fees: When audits for CLIENT overlap with audits for other RDS clients or clients of RDS affiliates, the time is billed according to actual auditing time spent working for each client. Travel time and expenses are distributed evenly among the applicable clients. In no event will time or expenses be billed at more than 100% of the total.
    4. No Tie to Recovery: Client agrees to pay all Fees and reimbursable expenses when due, regardless of any recovery.

5. **Payment Terms:** RDS will invoice CLIENT monthly for Fees and reimbursable expenses. CLIENT agrees to pay RDS in full for all amounts invoiced within 30 days of RDS's invoice date, and agrees to pay a late fee of \$25 plus interest on any amounts not paid within 30 days of RDS's issuance of an invoice at a monthly rate of 1.5%. CLIENT agrees to reimburse RDS for all expenses, including without limitation reasonable attorneys' fees and legal expenses, associated with the collection of amounts due to RDS under this Agreement.
6. **Reporting to CLIENT.**
  - i. RDS will provide CLIENT with monthly reports which may include, without limitation, a detail of monthly audit activity related to Audit Services, data regarding current audits in progress, findings to date, and Oklahoma Tax Commission acceptances of findings. These reports will be provided by the 10th of the month following each calendar month.
  - ii. CLIENT AGREES TO EXAMINE ALL INVOICES AND REPORTS IMMEDIATELY. IF NO ERROR IS REPORTED BY THE CLIENT TO RDS WITHIN 60 DAYS OF CLIENT'S RECEIPT, SUCH INVOICES AND REPORTS WILL BE DEEMED ACCURATE AND CORRECT.
7. **Company Audit.** Once a year RDS will have an auditor prepare an Independent Service Auditor's Report on Controls Placed in Operation and Tests of Operating Effectiveness. This report is commonly called a SAS 70 Type II report and will be made available upon request.
8. **Term of the Agreement; Termination.** The term of this Agreement shall commence on the Effective Date and end on the date that is three years following the Effective Date (as modified by the next sentence, the "Term"), unless this Agreement is earlier terminated pursuant to this Section 8 below, provided funds have been made available through the City of Norman budget process. Commencing on the date that is one month after the Effective Date, and on the first day of each month thereafter (such date and the first day of each month thereafter the "Renewal Date"), the Term shall be automatically extended so as to terminate three years following such Renewal Date, unless at least 30 days prior to the Renewal Date either party gives written notice to the other party that the Term shall not be so extended. Notwithstanding the foregoing, either party may terminate this Agreement prior to the end of the Term upon 90 days' advance written notice in the event that the other party materially breaches the terms of this Agreement and such breach is not remedied within 60 days after the non-breaching party's written notice setting forth in reasonable detail the facts and circumstances claimed to provide a basis for such breach.
9. **Effect of Termination.** Notwithstanding non-renewal or termination of this Agreement, CLIENT shall be obligated to pay RDS for services performed through the effective date of termination for which RDS has not been previously paid. The CLIENT shall remain obligated to pay RDS' invoices therefore in accordance with the terms of this Agreement.
10. **Insurance.** RDS will maintain in force throughout the term of this Agreement insurance coverage that includes, at a minimum, the following:
  - (a) Worker's Compensation Insurance in an amount that is in accordance with applicable laws;
  - (b) Comprehensive General Liability Insurance with a minimum combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
  - (c) Business Automobile Liability Insurance with a minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage;
  - (d) Comprehensive Crime Insurance with a limit of \$1,000,000; and
  - (e) Professional Liability Insurance (Errors and Omissions) with a limit of \$1,000,000.

The Comprehensive General Liability Insurance and Business Automobile Liability Insurance specified above shall name the CLIENT and its agents, officers, and employees as additional insureds. The coverage specified in this Section 10 may be in the form of a direct policy or combination of direct and excess/umbrella policies. Certificates of Insurance shall be delivered to CLIENT prior to RDS's commencement of Auditing Services. Each certificate shall provide that insurer will endeavor to provide no less than thirty (30) days prior written notice to CLIENT in the event of cancellation of the coverage (10 days for nonpayment of premium) evidenced by such certificate at its address. The insurance specified in this Section 10 shall be acquired from insurance companies properly licensed by the State of Oklahoma.

11. Confidentiality. The Parties agree to execute, immediately upon execution of this Agreement, a Confidentiality Agreement substantially in the form attached here to Exhibit A. In addition, all information designated as confidential by either Party and given or delivered to the other Party shall be held by the recipient in confidence and shall not be used except for internal business purposes.
12. No Solicitation. During the Term of this Agreement, and for a period of one year after its termination or expiration, or the date that is one year after entry of final judgment in any action regarding the enforceability of this provision if such date is later, CLIENT shall not directly or indirectly, without the prior, express written approval of RDS, offer or give employment to or retain the services as an independent contractor of any person or entity that was an employee, officer, member, manager, independent contractor, agent, or subcontractor of RDS (each an "RDS Representative") within the one year period preceding the date of termination or expiration of this Agreement if such employment or service shall relate to duties, tasks, responsibilities, or functions similar to those performed by the RDS Representative on behalf of RDS.
13. Notices. All notices, requests, demands and determinations under this Agreement (other than routine operational communications), shall be in writing and shall be deemed duly given:
  - a. When delivered personally (against a signed receipt);
  - b. On the designated day of delivery (other than a weekend or U.S. federal government holiday) after being timely given to an express overnight courier with a reliable system for tracking delivery;
  - c. Four (4) business days after the day of mailing, when mailed to an address in the United States by United States mail, registered or certified mail, return receipt requested and postage prepaid; or
  - d. Ten (10) business days after the day of mailing, when mailed to an address in the continental United States from outside of the continental United States by local mail service, registered or certified mail, return receipt requested and postage prepaid, and addressed as follows:

In the case of the CLIENT:

City of Norman  
Attention: Anthony Francisco, Director of Finance  
201 West Gray Street  
Norman, OK 73069

With a copy (which shall not constitute notice) to:

City of Norman  
Attention: Steve Lewis, City Manager  
201 West Gray Street  
Norman, OK 73069

In the case of RDS:

PRA Government Services, LLC (d/b/a RDS)  
2317 Third Avenue North, Suite 200  
Birmingham, Alabama 35203  
ATT: Kennon Walthall, SVP Operations

and Chief Operating Officer

With a copy (which shall not constitute notice) to:

Judith S. Scott  
Executive Vice President and General Counsel  
Portfolio Recovery Associates, Inc.  
140 Corporate Blvd., Suite 100  
Norfolk, VA 23502

Either party may from time to time change its address or designee for notification purposes (so long as in the United States) by giving the other prior notice of the new address or designee and the date upon which it will become effective.

14. Equal Opportunity to Draft. The Parties have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Party upon a claim that that party drafted the ambiguous language.
15. Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties, their successors; representatives and assigns. RDS shall not assign this Agreement, or delegate its duties or obligations under this Agreement, without the prior written consent of CLIENT, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, RDS may assign this Agreement, in whole or in part, without the consent of CLIENT to: (i) any corporation or entity into which or with which RDS has merged or consolidated, (ii) any parent, subsidiary, successor or affiliate of RDS, or (iii) any corporation or entity which acquires all or substantially all of the assets of RDS. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their successors or assigns.
16. Force Majeure. RDS shall not be in default of its obligations hereunder to the extent that its performance is delayed or prevented by causes beyond its control, including but not limited to acts of God, government, weather, fire, power or telecommunications failures, inability to obtain supplies, breakdown of equipment or interruption in vendor services or communications.
17. Subcontractors. RDS shall have the right to hire assistants as subcontractors or to use employees to provide the Services required by this Agreement. RDS, in rendering performance under this Agreement shall be deemed an independent contractor and nothing contained herein shall constitute this arrangement to be employment, a joint venture, or a partnership. RDS shall be solely responsible for and shall hold CLIENT harmless from any and all claims for any employee related fees and costs including without limitation employee insurance, employment taxes, workman's compensation, withholding taxes or income taxes.
18. Intellectual Property Rights. The entire right, title and interest in and to RDS' database and all copyrights, patents, trade secrets, trademarks, trade names, and all other intellectual property rights associated with any and all ideas, concepts, techniques, inventions, processes, or works of authorship including, but not limited to, all materials in written or other tangible form developed or created in the course of this Agreement (collectively, the "Work Product") shall vest exclusively in RDS. The foregoing notwithstanding, in no event shall any CLIENT-owned data provided to RDS be deemed included within the Work Product.
19. Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto and supersedes any prior understandings or written or oral agreements between the Parties respecting the subject matter contained herein. Said Agreement shall not be amended, altered, or changed, except by a written Agreement signed by both Parties hereto.
20. Invalidity. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained thereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

21. Counterparts. This Agreement may be executed in several counterparts, each of which shall be considered an original but all of which taken together shall constitute but one and the same Agreement.
22. Survival. The terms and provisions of this Agreement that by their meaning and context are intended to survive the termination or expiration of this Agreement shall so survive the termination or expiration of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

**IN WITNESS WHEREOF**, each of the Parties has executed and delivered this Compliance Audit Agreement under seal effective as of the date first written above.

**CLIENT:**

**THE CITY OF NORMAN**, an Oklahoma municipal corporation

By: \_\_\_\_\_

Print Name: CINDY ROSENTHAL

Title: MAYOR

Dated: \_\_\_\_\_, 20\_\_

**RDS:**

**PRA GOVERNMENT SERVICES, LLC**, a Delaware limited liability company d/b/a RDS

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_