

COLLECTION SERVICES AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into by and between, the City of Independence, IA ("Client"), and ARC Management Group, LLC ("ARC"), as of the 7th day of June 2024. In consideration of the mutual promises, covenants and agreements contained in this Agreement, the parties agree as follows:

1. **COLLECTION SERVICES.** ARC shall have full authority to perform all acts necessary to effect the collection of accounts placed by the Client (the "Accounts") for collection services (the "Collection Services"), and is authorized as follows: (a) to receive payments made on the Accounts and to endorse Client's name on any checks, drafts, money orders or other negotiable instruments that may be received in payment on the Accounts; and (b) to commence a lawsuit on behalf of Client and to use all other necessary legal proceedings for the recovery of the Accounts, subject to approval of any such lawsuit by Client and payment by Client of all required court costs and attorney's fees. ARC does not have permission to place information regarding the Accounts with one or more credit bureaus. ARC agrees to perform the Collection Services in accordance with the terms and conditions of this Agreement and applicable federal, state and local laws, rules and regulations.

2. **CLIENT RESPONSIBILITIES AND OBLIGATIONS.** Client agrees to provide ARC with all information reasonably necessary for ARC to perform the Collection Services, including, without limitation, invoicing, contracts, and any communication pertaining to the Accounts. Client represents and warrants that (a) it has not received notification that any of the Account debtors is in bankruptcy and will immediately notify ARC if it receives notification of a bankruptcy filing by any of the Account debtors; and (b) the obligation underlying each Account was incurred in connection with a commercial transaction.

3. **FEES.** ARC will be entitled to receive a fee for their Collection Services (the "Contingency Fee") of 25% of amounts collected. If client wishes ARC Management Group to pursue legal action, then client must pay all upfront fees related to the filing of the case. The contingency fee for primary placements moved to legal action is 35%. The Contingency Fee with respect to payment on any Account is earned whether such payment is made directly to Client or ARC. Client will report to ARC all payments on the Accounts made directly to Client within seven (7) days of receipt. ARC will deduct from all payments made directly to ARC the Contingency Fee and any attorney's fees and court costs advanced by ARC, and forward to Client the remaining balance of such payments, with detailed written reporting, in the month following receipt of such payments. Any undisputed Contingency Fee not paid within thirty (30) days from the date it is due will be delinquent and will bear interest at the lesser of one and one-half percent (1½%) per month or the maximum Contingency rate allowed by applicable law. All taxes and other levies in the nature of sales, use or excise taxes resulting from the Collection Services will be the sole responsibility of Client.

4. **RETURN OF ACCOUNTS.** The Accounts will be placed with ARC for a minimum of one hundred eighty (180) days. ARC will return to Client, upon Client's request, (a) any Account placed in error when ARC is so notified by Client; and (b) Accounts that are paid in full.

5. **INITIAL TERM, RENEWALS AND TERMINATION.** The initial term of this Agreement will be one (1) year commencing as of the date set forth above. This Agreement will be self-renewing for an additional one (1)-year term unless either party delivers to the other written notice of termination at least thirty (30) days prior to the expiration of the then-current term. This Agreement may be terminated by either party, for any reason, upon thirty (30) days' prior written notice to the other without penalty. Upon any termination of this Agreement, (a) ARC will continue its collection efforts with respect to all Accounts for a period of ninety (90) days; (b) ARC will

continue its collection efforts with respect to all Accounts that have been referred by ARC to an attorney for legal collection efforts and all Accounts where payment arrangements are being met according to agreed-upon terms, until the conclusion of such legal efforts or payment arrangement; and (c) Client will pay ARC the Contingency Fee with respect to the collections referenced in (a) and (b) above, regardless of when the collections are received and whether received by Client or ARC.

6. **DISCLAIMER OF WARRANTIES LIMITATION OF LIABILITY.** ARC DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, PERTAINING TO THE PERFORMANCE OF THE COLLECTION SERVICES HEREUNDER. In no event will ARC be liable for lost profits or other special, incidental, or consequential damages or for the uncollectibility of any Account under any circumstances. ARC's aggregate liability, if any, for any and all losses or injuries to Client or any third party arising out of or in connection with this Agreement will not exceed the aggregate Contingency Fees paid by Client during the twelve (12) month period then most recently ended.

7. **INDEMNIFICATION.** Client will indemnify, defend, and hold ARC harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorneys' fees, which arise out of or result from Client's use of the Collection Services except those resulting from the negligence of ARC or a breach by ARC of the terms of this Agreement. ARC will indemnify, defend and hold Client harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorneys' fees, which arise out of or result from the negligence of ARC or a breach by ARC of any term of this Agreement.

8. **MISCELLANEOUS.** This Agreement, including all Exhibits to this Agreement, constitutes the complete agreement between the parties relative to the Collection Services, superseding any previous agreements or understanding. No representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement will be of any force or effect. This Agreement may be modified only by a writing, which is signed by both parties. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned, in whole or in part, by either of the parties without the prior written consent of the other party. This Agreement shall be governed by the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized agents as of the date set forth above.

ARC MANAGEMENT GROUP, LLC
1825 Barrett Lakes Blvd., Suite 505
Kennesaw, GA 30144

By: _____
Name: Karen White
Title: CCO

CITY OF INDEPENDENCE
331 1ST Street E
Independence, IA 50644

By: _____
Name: Matthew R. Schmitz
Title: City Manager