



# Professional Services Agreement

## Azavar Agreement

**Created by:**

Tom Fagan  
Azavar

**Prepared for:**

Bryant Hammond  
City of Nome, Alaska

## **Professional Services Agreement**

This Professional Services Agreement (this “Agreement”) is made and entered into on the 1st day of July 2022 by and between Azavar Audit Solutions, Inc. (DBA Azavar Government Solutions), an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 (“Azavar”), and the City of Nome, Alaska a municipal corporation having its principal place of business at PO Box 281, 102 Division St. Nome, Alaska 99762 (“Customer”).

### **1. SCOPE OF SERVICES**

**1.1** Subject to the following terms and conditions, Azavar shall provide professional management, government, revenue and tax, and computer consulting services (“Services”) in accordance with written statements of work agreed to by the parties (each, a “Statement of Work”) attached hereto as Exhibit A, which may be subsequently amended by the parties. Each Statement of Work and any subsequent amendments thereto shall be executed on behalf of each of the parties, whereupon it shall be deemed incorporated herein by reference as though fully set forth herein. The parties agree that certain Statements of Work may be delegated by Azavar to different affiliates or entities that shall operate under the terms set forth in this Agreement.

**1.2** Azavar shall be responsible for providing the Services in substantial accordance with each Statement of Work. Azavar will render the services provided under this Agreement in a workmanlike manner in accordance with industry standards.

**1.3** Customer agrees to provide reasonable facilities and space should Azavar work on Customer’s premises as may be reasonably required for the performance of the Services set forth in this Agreement and in any Exhibit hereto.

### **2. INDEPENDENT CONTRACTOR**

Azavar acknowledges and agrees that the relationship of the parties hereunder shall be that of independent contractor and that neither Azavar nor its employees shall be deemed to be an employee of Customer for any reason whatsoever. Neither Azavar nor Azavar’s employees shall be entitled to any Customer employment rights or benefits whatsoever.

### **3. PAYMENT TERMS**

Customer shall compensate Azavar the fees set forth in each Statement of Work. Azavar shall be entitled to compensation for time which is actually spent providing the Services set forth in each Statement of Work. Azavar shall submit an invoice to Customer on a monthly or quarterly basis detailing the amounts charged to Customer pursuant to the terms of this Agreement and each Statement of Work hereto. Customer shall remit payment to Azavar within thirty (30) days of the date of each invoice. If Customer defaults on payment of any invoice that is not disputed in writing by Customer within thirty (30) days after the receipt of such invoice, Azavar, at its discretion, may accelerate all payments due under this Agreement, any Statement of Work attached hereto, will seek recovery of all estimated fees due to Azavar. Azavar shall be entitled to recover all costs of collection including, but not limited to, finance charges, interest at the rate of one percent (1%) per month, reasonable attorney's fee, court costs, and collection service fees and costs for any efforts to collect fees from the Customer.

### **4. CONFIDENTIAL INFORMATION**

**4.1** Each party acknowledges that in the performance of its obligations hereunder, either party may have access to information belonging to the other which is proprietary, private and highly confidential (“Confidential Information”). Each party, on behalf of itself and its employees, agrees not to disclose to any third party any Confidential Information to which it may have access while performing its obligations hereunder without the written consent of the disclosing party which shall be executed by an officer of such disclosing party. Confidential Information does not include: (i) written information legally acquired by either party prior to the negotiation of this Agreement, (ii) information which is or becomes a matter of public knowledge, (iii) information which is or becomes available to the recipient party from third parties and such third parties have no confidentiality obligations to the disclosing party, and (iv) information subject to disclosure under any state or federal laws.

## **Professional Services Agreement**

**4.2** Azavar agrees that any work product or any other data or information that is provided by Customer in connection with the Services shall remain the property of Customer, and shall be returned promptly upon demand by Customer, or if not earlier demanded, upon expiration of the Services provided under each Statement of Work hereto.

### **5. INTELLECTUAL PROPERTY**

**5.1** No work performed by Azavar or any Consultant with respect to the Services or any supporting or related documentation therefore shall be considered to be a Work Made for Hire (as defined under U.S. copyright law) and, as such, shall be owned by and for the benefit of Azavar. In the event that it should be determined that any of such Services or supporting documentation qualifies as a "Work Made for Hire" under U.S. copyright law, then Customer will and hereby does assign to Azavar, for no additional consideration, all right, title, and interest that it may possess in such Services and related documentation including, but not limited to, all copyright and proprietary rights relating thereto. Customer will take such steps as are reasonably necessary to enable Azavar to record such assignment. Customer will sign, upon request, any documents needed to confirm that the Services or any portion thereof is not a Work Made for Hire and/or to effectuate the assignment of its rights to Azavar.

**5.2** Under no circumstance shall Customer have the right to distribute or make public any information or software containing, or based upon, Confidential Information of Azavar to any third party without the prior written consent of Azavar which must be executed by a senior officer of Azavar.

### **6. DISCLAIMER**

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, AZAVAR DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES RENDERED UNDER THIS AGREEMENT OR THE RESULTS OBTAINED FROM AZAVAR'S WORK, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL AZAVAR BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR INDIRECT DAMAGES, OR FOR ACTS OF NEGLIGENCE THAT ARE NOT INTENTIONAL OR RECKLESS IN NATURE, REGARDLESS OF WHETHER IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. CLIENT AGREES THAT AZAVAR'S LIABILITY HEREUNDER FOR DAMAGES, REGARDLESS OF THE FORM OF ACTION, SHALL NOT EXCEED THE TOTAL AMOUNT PAID FOR THE SERVICES GIVING RISE TO THE DAMAGES UNDER THE APPLICABLE ESTIMATE OR IN THE AUTHORIZATION FOR THE PARTICULAR SERVICE IF NO ESTIMATE IS PROVIDED.

### **7. TERMINATION**

**7.1** This Agreement shall be effective ("Term") from the date first written above and shall continue thereafter until terminated upon 30 days written notice by Customer or Azavar ("Initial Term") and automatic renewal terms ("Renewal Terms"). The Initial Term shall be for a twelve (12) month period, beginning on the first day of the execution of this Agreement. Upon completion of the Initial Term, this Agreement shall automatically renew for the Renewal Terms, as successive twelve (12) month periods for three (3) additional years, unless previously terminated. A Party may terminate one or more of a Statement of Work, without terminating either this Agreement or another Statement of Work.

**7.2** Termination for any cause or under any provision of this Agreement shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either party.

**7.3** The provisions set forth above in Section 3 (Payment Terms), Section 4 (Confidential Information), and Section 5 (Intellectual Property) and below in Section 9 (Assignment), Section 10 (Non-Solicitation of Employees), and Section 11 (Use of Customer Name) shall survive termination of this Agreement.

## **Professional Services Agreement**

### **8. NOTICES**

Any notice made in accordance with this Agreement shall be sent by certified mail or by overnight express mail:

#### **If to Azavar:**

General Counsel  
Azavar Audit Solutions, Inc.  
55 East Jackson Boulevard  
Suite 2100  
Chicago, Illinois 60604

#### **If to Customer:**

City Manager  
City of Nome, Alaska  
PO Box 281, 102 Division St. Nome, Alaska 99762

### **9. ASSIGNMENT**

Neither party may assign this Agreement or any of its rights hereunder without the prior written consent of the other party hereto, except Azavar shall be entitled to assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of Azavar's assets.

### **10. NONSOLICITATION OF EMPLOYEES**

During the period in which any Exhibit to this Agreement is in effect and for a period of twelve (12) months thereafter, each party agrees it will not, without the prior written consent of the other party, solicit the employees of the other party for the purpose of offering them employment; provided, however, that good faith solicitations by way of mass media (i.e., newspapers, internet) shall not be deemed to be a violation of this Section 10.

### **11. USE OF CUSTOMER NAME**

Customer hereby consents to Azavar's use of Customer's name in Azavar's marketing materials; provided, however, that Customer's name shall not be so used in such a fashion that could reasonably be deemed to be an endorsement by Customer of Azavar.

**COMPLETE AGREEMENT**

This Agreement, along with each Statement of Work attached hereto from time to time, contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof. This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Agreement shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement. This Agreement shall be construed in accordance with the laws of the State of Alaska and the parties hereby consent to the jurisdiction of the courts of the State of Alaska.

**Azavar Audit Solutions, Inc**

Print Name: Jason Perry

Signature:

Title: President

**City of Nome, Alaska**

Print Name: Glenn Steckman

Signature:

Title: City Manager



# Exhibit A - Statement of Work

## Azavar Agreement

**Created by:**

Tom Fagan  
Azavar

**Prepared for:**

Bryant Hammond  
City of Nome, Alaska

## **Exhibit A – Statement of Work**

This Statement of Work (“Statement of Work”) is made and entered into on this 1st day of July 2022 by and between Azavar Audit Solutions, Inc., an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 (“Azavar”), and the City of Nome, Alaska a municipal corporation, having its principal place of business at PO Box 281, 102 Division St. Nome, Alaska 99762 (“Customer”). WHEREBY the parties entered into a Professional Services Agreement (“Agreement”) by signature by the parties attached hereto on 1st day of July 2022.

### **1. COMPLIANCE AUDITS & ONGOING REVENUE MAXIMIZATION AND MONITORING SERVICES:**

In addition to the Services and work defined in the Agreement, Services shall be provided in substantial accordance with the below statements:

(a) Azavar, as Customer’s authorized agent and third-party administrator (“TPA”), shall undertake a Local Government Revenue Compliance Audit, Maximization, and Monitoring Program (“Revenue TPA Program”) on behalf of the Customer. As part of the Revenue TPA Program Azavar shall, on behalf of the Customer, separately review, audit, maximize, and regularly monitor for the Term of this Statement of Work any and all sources of Customer revenue and related expenses (“Audits”), including, but not limited to, each sales, occupation, and use tax, ordinance, license, service fee, contract, franchise agreement, intergovernmental agreement, payment in lieu of taxes, and any and all expenses imposed by or upon the Customer within the Customer’s corporate boundaries, and as permitted by the Customers’ ordinances and state and federal law, including those revenues, whether levied, imposed, or administered by the Customer, elsewhere locally, by the state or federal government, taxpayers, remitters, or those that should be remitting any funds or savings to the Customer (“Auditee(s)”), revenues and expenditures related to (and where applicable), but not limited to the following:

- I. Electricity providers and/or consumers
- II. Natural gas providers and/or consumers
- III. Multichannel video (i.e. cable) franchise fees and service fees and/or consumers
- IV. Telecommunications (i.e. phone, fiber, wireless, etc.) providers and/or consumers
- V. Water, sewer, and/or stormwater providers and/or consumers
- VI. Waste or refuse hauling providers and/or consumers
- VII. Fuel providers and/or consumers, oil and gas well drilling and production, and oil and gas pipelines in right-of-way
- VIII. Locally imposed, levied, and/or administered charges, fees or fines
- IX. Locally imposed and/or administered Business Licenses, Registrations, or Occupation Taxes
- X. Locally imposed and/or administered Residential Rental Licenses
- XI. Taxpayers subject to Property Taxes and Levies
- XII. Taxpayers subject to Vehicle Related Fees or Taxes (i.e. Wheel Tax, Rental Tax, etc.)
- XIII. Taxpayers subject to Local Amusement or Entertainment Taxes
- XIV. Taxpayers subject to Business License and/or Registration Fees
- XV. Taxpayers subject to the Food & Beverage, Restaurant, or Places of Eating Tax
- XVI. Taxpayers subject to Liquor Licenses and/or Taxes
- XVII. Fixed Location taxpayers subject to Hotel Occupation/Use Taxes
- XVIII. Online travel companies and short-term online rental management platforms taxpayers subject to local occupation/sales/use taxes
- XIX. Taxpayers subject to Real Estate Transfer Taxes
- XX. A review of revenues distributed to the Customer by the state, including reviewing state distributions and address designations for sales tax, remote sellers’ sales tax, service taxes, use taxes, and service use taxes.
- XXI. Should the Customer own or operate its own utilities including, but not limited to, electric, natural gas, water or other utilities, Azavar shall also review and audit the revenues and expenses of those Customer owned or operated utilities.

## **Exhibit A – Statement of Work**

**(b)** The purpose of each Audit is to determine past, present, and future taxes, license fees, service fees, or any other recoveries, refunds, monies or revenue owed to the Customer that were not properly attributed to the Customer or were not properly paid or collected and to determine future taxes, franchise fees, and other monies owed to the Customer not previously counted so that Customer can collect these past, present, and future monies. Federal and state law, the Customer’s own local ordinances and databases, any agreements, contracts or bills between Customer and Auditee are used by Azavar to conduct the Audits and Azavar will present to Customer in writing during the course of the Audits reports detailing compliance findings and findings of monies paid, due, or potentially due to the Customer for review by the Customer per Auditee (“Findings”). Where already allowable by existing Customer contracts or agreements or federal, state, or local laws or ordinances, this Statement of Work authorizes Azavar to correct any prospective errors and make a reasonable effort to collect monies due to the Customer under such applicable laws, local ordinances, or contracts. Additionally, Azavar shall regularly monitor all revenues and related expenditures monthly during the Term of this Agreement and shall make any corrections accordingly. Azavar shall review Customer ordinances and shall present Findings to Customer to maximize Customer revenues as part of the Audits, and where such Findings requires a change into the future, Azavar will only implement such change after Customer has reviewed and agreed to in writing any such change. Customer understands that Findings may include, but are not limited to, changes to technology, organizational processes, process automation, Customer communication practices, Customer governing practices, and/or updates to local ordinances or the codification thereof. Customer agrees that any Findings, whether implemented in whole or in part by Azavar or the Customer, shall be fully compensable under Section 2 of this Statement of Work, including wherein the Findings require any amendments to an ordinance and wherein the ordinance is changed. Customer agrees to review any Findings within thirty (30) days;

**(c)** Customer hereby represents that it is not engaged in any Audits as contemplated under this Statement of Work and shall therefore pay Azavar the fees set forth in this Agreement for any Findings made by Azavar. Customer agrees during the Term of this Statement of Work that it shall not initiate or engage in any Audits, changes to any ordinances related to any Audits, or execution or renewal of any contracts or agreements related to any Audits as contemplated under this Statement of Work without Azavar’s prior written consent;

**(d)** In order to perform the Audits, Azavar shall require full access to Customer records and Auditee records. Customer shall use its authority as necessary to assist in acquiring information and procure data from Auditees. Customer agrees that it shall cooperate with Azavar, provide any documentation and records requested by Azavar, and provide continued access (prior to, during, and following any Audits) to documentation and records, and shall engage in meetings with Auditees when requested by Azavar. Customer shall notify Azavar of any Auditee communications or requested meetings with Customer and shall include Azavar in said communications and meetings. Customer shall also designate one (1) professional staff member to be the Customer’s Primary Contact;

**(e)** During the course of each Audit, Azavar may find that rather than being owed past due funds, the Customer owes funds erroneously paid to the Customer. In this case, Azavar will immediately terminate its Audit for that specific Auditee and will document the error and provide the Customer with information necessary to correct the error. Azavar shall have no liability to Customer for these errors or actions arising from Azavar’s or Customer’s knowledge thereof;

**(f)** Customer acknowledges that each Auditee is a separate entity that is not controlled by Azavar and therefore Azavar cannot predict all the steps or actions that an Auditee will take to limit its responsibility or liability during an Audit. Should Customer negotiate, abate, cancel, amend, delay, or waive by any means all or a portion of funds identified as payable to Customer during an audit, Customer shall pay all Azavar expenses and fees for that Audit in addition to any applicable contingency fees for any Findings that were identified by Azavar or by its Audits and that would have been compensable under Section 2 of this Statement of Work;

**(g)** During the Audits, Azavar will educate fee and taxpayers and provide all necessary support to onboard them to file and remit payments to Customer using Azavar software as defined in Exhibit A – Statement of Work 2;



## **Exhibit A – Statement of Work**

(h) Audit timelines and processes are set in accordance with Azavar’s proprietary audit process and applicable law. The first Audit start date is expected to be within no later than thirty (30) days from the date of this Statement of Work unless changed and approved by the Customer’s Primary Contact;

(i) Each Audit is expected to last at least six (6) months. Each subsequent Audit will begin after payment terms and obligations have been satisfactorily met from previously completed Audits however overlapping Audit work may take place at the discretion of Azavar. Audit status meetings will be held regularly via phone, email, or in person throughout the course of the Audits between Azavar and the Customer’s Primary Contact and will occur approximately every quarter;

(j) Jason Perry, Local Government Revenue Compliance Audit, Maximization, and Monitoring Program, and Azavar specialists will be auditors under this Statement of Work. All Azavar staff or subcontractors shall be supervised by the Azavar Program Manager.

### **2. PAYMENT TERMS.**

**2.1** Customer shall compensate Azavar the fees set forth in this Statement of Work on a contingency basis. If applicable, Azavar shall submit an invoice to Customer on a monthly basis detailing the amounts charged to Customer pursuant to the terms of this Statement of Work. Should Customer negotiate, abate, cancel, amend, delay, or waive, without Azavar’s written consent, any tax determination or Findings that were identified by Azavar or by its Audits where such Findings were allowed under the law at the time the tax determination or Findings were made, Customer shall pay to Azavar applicable contingency fees for the total amount of money actually collected for said tax determination or Findings at the rates set forth below and for the following twenty-four (24) months. If Customer later implements during the subsequent twenty-four (24) months any Findings Customer initially declined based on Azavar programs or recommendations, Azavar shall be paid by Customer its portion of the savings and/or recoveries over the following twenty-four (24) months at the contingency fee rates set forth below.

**2.2** For any and all Audits and/or Findings (under Section 1), Customer shall pay Azavar an amount equal to twenty-five (25) percent of any new revenues, savings, or prospective funds recovered per account or per Auditee for twenty-four (24) months following when funds begin to be properly remitted to the Customer. In the event Azavar is able to recover any additional savings or revenue increases for any time period, or any credits at any time, Customer will pay Azavar an amount equal to twenty-five (25) percent of any savings, funds, and fair market value for any other special consideration or compensation recovered for or received by the Customer from any Auditee. All contingency fees paid to Azavar are based on determinations of recovery by Azavar including Auditee data and regulatory filings. All revenue after the subsequent twenty-four (24) month period for each account individually will accrue to the sole benefit of the Customer.

**2.3** Customer shall reimburse Azavar’s travel expenses, which shall be preapproved by the Customer, in accordance with Internal Revenue Service guidelines and rules.

**2.4** If any new revenues, savings, or prospective funds recovered by Azavar result in billings below one hundred dollars (\$100) per month for the duration of the twenty-four (24) month period of billing, Customer will pay for the full 36 months in one billing.

**2.5** No Audit work will begin until 7.1.2023

**Exhibit A – Statement of Work**

3. **COMPLETE AGREEMENT:** This Statement of Work and the Agreement contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Statement of Work shall not affect the validity or enforceability of any other provision hereof. This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Statement of Work shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Statement of Work to be executed in duplicate originals by their duly authorized representatives as of the date set forth below.

**Azavar Audit Solutions, Inc**

**City of Nome, Alaska**

Print Name: Jason Perry

Print Name: Glenn Steckman

Signature:

Signature:

Title: President

Title: City Manager



# Exhibit A - Statement of Work 2

## Azavar Agreement

**Created by:**

Tom Fagan  
Azavar

**Prepared for:**

Bryant Hammond  
City of Nome, Alaska

## **Exhibit A – Statement of Work 2**

This Statement of Work (“Statement of Work”) is made and entered into on this 1st day of July 2022 by and between Azavar Audit Solutions, Inc.’s affiliate, Azavar Technologies Corporation, an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 (“Azavar”), and the City of Nome, Alaska, a Alaska a municipal corporation having its principal place of business at PO Box 281, 102 Division St. Nome, Alaska 99762 (“Customer”). WHEREBY the parties entered into a Professional Services Agreement (“Agreement”) by signature by the parties attached hereto on 1st day of July 2022.

- 1. REVENUE ADMINISTRATION SERVICES:** In addition to the Services and work defined in the Agreement, Services shall be provided in substantial accordance with the below statements:
  - I. Professional Services, Ordinance Review, Analysis, and Modification:** Azavar shall review Customer ordinances and shall present any recommendations (“Findings”) to Customer to maximize Customer revenues as part of the Audits, and where such Findings requires a change into the future, Azavar will only implement such change after Customer has reviewed and agreed to in writing any such change. Customer understands that Findings may include, but are not limited to, changes to technology, organizational processes, process automation, Customer communication practices, Customer governing practices, and/or updates to local ordinances or the codification thereof. Customer agrees that any Findings, whether implemented in whole or in part by Azavar or the Customer, shall be fully compensable under Section 2 of the Agreement, including wherein the Findings require any amendments to an ordinance and wherein the ordinance is changed. Customer agrees to review any Findings within thirty (30) days.
  - II. ii. Electronic Monitoring and Automated Management of Locally Authorized and Administered Tax/Fee and Any Other Revenues:** Azavar shall provide Customer for an additional fee with Services and software to continuously monitor and manage locally authorized and administered taxes, fees, and any other revenues to ensure compliance with locally authorized taxes and fees. Services to be included by Azavar are as follows: (i) Customer will have a single Azavar point of contact for inquiries or reporting issues; (ii) Regular (weekly, semi-monthly, or monthly) status calls with the assigned Azavar project manager; (iii) Defect/Enhancement reporting and tracking tool; (iv) Project management portal. Additional Services related to the software specifically to be provided to the Customer are as follows: **Tax and Fee Administration Software Module and Services.**
    1. 99.7% guaranteed system uptime (including pre-arranged system maintenance schedule);
    2. Cyber liability insurance coverage and NACHA and PCI compliance;
    3. Help Desk support for Customer and Customer End Users Monday through Friday, 9am-5pm CST (excluding state and federal holidays);
    4. One (1) business day response time to support inquiries;
    5. One (1) onsite training on application for Customer staff (onsite location, date, time, and duration to be mutually agreed to by Customer and Azavar);
    6. One (1) onsite demonstration and training for Customer End Users and taxpayers (onsite location, date, time, and duration to be mutually agreed to by Customer and Azavar);
    7. Report generation configured to the Customer’s requirements in collaboration between the Customer and Azavar;
    8. Production of marketing material to communicate the Services and software to Customer End Users;
    9. Concierge Customer Service: In the event an individual Customer End User is unable to use the Azavar Software to file and pay Customer Taxes, Azavar shall be responsible for providing manual, individual support to the individual Customer End User;
    10. Delinquency reporting and regular follow up with delinquent taxpayers by Azavar Customer Service; and,
    11. Setup of an on-site kiosk (optional) within Customer facilities.

## **Exhibit A – Statement of Work 2**

### **2. IMPLEMENTATION AND USE OF AZAVAR SOFTWARE**

**2.1** Customer agrees that it shall use Azavar developed, hosted, managed, and supported software pertaining to local government revenue management, tax location management, tax filing and payment applications for locally authorized and/or administered taxes, expenses, proceeds, monies owed, or fees, (collectively “Taxes”) and revenue monitoring, management, and reporting software (“Azavar Software” or “Software”). Customer agrees that it shall, within no more than thirty days (30) from the date of execution of this Statement of Work: (a) Provide Azavar full cooperation and information necessary to immediately implement, deploy, and integrate Azavar Software for electronic filing, payment, and collection of Taxes with Customer’s existing database and/or enterprise resource planning (“ERP”) systems, wherein the Azavar Software is accessible on Customer’s official website to users of Customer’s website (“End Users”) in a live and secure production environment. Customer shall identify one (1) staff person to test the Software and provide feedback to Azavar regarding the Azavar Software on a reasonably regular basis, especially during Customer onboarding on to Azavar Software. Azavar is expressly authorized by Customer to contact and work with web, Information Technology, and/or ERP providers of Customer for the purposes of implementing and updating Azavar Software as necessary. Should Customer require additional Services for implementation, configuration, customization, or integration of Azavar Software not set forth in this Statement of Work, Azavar shall provide said professional services to Customer on a time and materials basis (Azavar’s blended hourly rate for said services is \$150.00/hour for the 2021 Calendar Year) at Azavar’s then current rate schedule; and,

**2.2** Azavar shall retain all rights, at its sole discretion, to recover service fees or cost(s) from Customer and/or End Users and to set reasonable prices for Customer and/or End Users. This includes, but is not limited to, reclamation of fees for ACH/EFT/eCheck processing electronic payments and shall be included in the fee per filing set forth below or for Credit/Debit Card processing fees. End Users with returned ACH/EFT/eCheck payments shall be assessed a fee of \$25.00 by Azavar and shall be retained by Azavar. Azavar shall assess fees for processing electronic payments per transaction which shall not exceed 2.50% for Credit/Debit Card transactions absorbed by the End User Consumer and \$0.25 for ACH transactions shall be absorbed by the City of Nome.

### **3. END USER LICENSE AGREEMENT**

**3.1 Software License.** Azavar hereby grants a non-exclusive license to the Customer to use the Azavar Software for the purpose of payment, filing and collection of all Taxes, as well as for collection of all additional and ancillary data generated by such collections. The Customer shall not sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of said Software. The license granted hereunder shall not imply ownership by Customer of said Software, rights of the Customer to sell the Software, or rights to use said software for the benefit of others, except as provided below in Section 3.2. Customer shall not create any derivative work or product based on or derived from the Software or documentation, or modify the Software or documentation without prior written consent of Azavar. Azavar agrees that it shall install and maintain the Software during the Initial Term and for any further term as agreed upon by the parties.

**3.2 Sublicense:** The license grant provided to Customer includes a limited right to allow an unlimited number of End Users to the system for the purposes of reporting, filing, and paying of all locally authorized and/or administered Taxes and revenue. Each End User shall generate a user name and password and will agree to a limited end user license agreement for accessing and using the Azavar Software for the purposes of filing, payment, and collection of Taxes and revenue due to Customer.

**3.3 Customer Data:** Azavar acknowledges that the data provided by the Customer (“Customer Data”) during the use and implementation of the Software is the property of the Customer. Customer authorizes Azavar to access, import, process and generate reports (“Azavar Data”) from the Customer Data with Azavar’s various proprietary systems. No confidential or otherwise sensitive information will be released. Azavar owns any rights in and to the Azavar Data, including but not limited to all Intellectual Property rights that may vest in such Azavar Data. The Azavar Data shall be made available to the Customer in a format acceptable to both the Customer and Azavar.

## **Exhibit A – Statement of Work 2**

### **3.4 Duration, Fee, and Term:**

**3.4.1 Duration:** The grant of the Software License in Section 2.1 above is provided to Customer for the Initial Term and any Renewal Terms to use, install, implement and deploy the Azavar Software at the license fee set forth below.

**3.4.2 Fee:** Customer shall pay a one-time onboarding service fee of twelve hundred and fifty dollars (\$1,250) upon execution of this Statement of Work. Customer shall pay Azavar a annual service/license fee of seven thousand nine hundred and fifty six dollars (\$7,956) for the distinct and unique locally authorized and/or administered Tax forms listed below and implemented within Azavar Software for the Customer's benefit upon execution of this Statement of Work, whether or not such Tax form(s) has yet been deployed to a live production environment. Billing of the service/license fee shall start upon the contract start date. Customer agrees and authorizes that Azavar shall deploy a distinct and unique license and/or Tax form for filing and collection of each, but not limited to, Customer Tax and Fee upon execution of this Statement of Work. Customer may request at any time, in writing to Azavar, that Azavar implement and deploy any additional module(s). A separate fee may be applicable for additional modules.

## **4. LICENSE, PERMITS, AND/OR APPROVALS**

**4.1** Azavar and Customer will work together to obtain such licenses, permits, and/or approvals ("Approvals") as necessary and required by law for the performance of the Services and implementation of the Azavar Software as provided in this Statement of Work. Customer shall be responsible for payment of all such fees or licenses necessary for said implementation.

## **5. INDEMNITY**

**5.1 For Azavar:** Azavar shall indemnify and hold harmless Customer and its officers, officials, and employees from any liability for damage or claims for personal injury, as well as from claims of breach of confidentiality, which may arise out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of Azavar, its officers, agents and employees under this Statement of Work.

## **6. INTELLECTUAL PROPERTY**

**6.1 Ownership:** Azavar owns all rights in and to the Azavar Software as well as all modifications and amendments necessary for implementation of Azavar Software. In the event that it should be determined that any Azavar Software or related documentation qualifies as a "Work Made for Hire" under U.S. copyright law, then Customer will and hereby does assign to Azavar, for no additional consideration, all right, title, and interest that it may possess in such Services and related documentation including, but not limited to, all copyright and proprietary rights relating thereto. Upon request, Customer will take such steps as are reasonably necessary to enable Azavar to record such assignment. Customer will sign, upon request, any documents needed to confirm that the Services or any portion thereof is not a Work Made for Hire and/or to effectuate the assignment of its rights to Azavar.

**6.2 Proprietary Information:** As used herein, the term "Proprietary Information" means any information which relates to Azavar's Software, audit processes or related services, techniques, or general business processes. Customer shall hold in confidence and shall not disclose to any other party any Proprietary Information in connection with this Statement of Work, or otherwise learned or obtained by the Customer through implementation of the Azavar Software.

**Exhibit A – Statement of Work 2**

7. **COMPLETE AGREEMENT:** This Statement of Work and the Agreement contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Statement of Work shall not affect the validity or enforceability of any other provision hereof. This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Statement of Work shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Statement of Work to be executed in duplicate originals by their duly authorized representatives as of the date set forth above.

**Azavar Audit Solutions, Inc**

Print Name: Jason Perry

Title: President

Signature:

**City of Nome, Alaska**

Print Name: Glenn Steckama

Title: City Manager

Signature: