

COMMITTEE ON INSURANCE/AUDIT AND CLAIMS
July 12, 2022
City Hall Council Chambers
5:00 PM

Old Business

1. Consideration and Approval of Minutes from Previous Meeting
2. Review and Approval of the Claims Report

Citizens Participation

(Citizens wishing to speak should notify Department Head or Committee Chair in advance)

New Business

1. Consider and Discuss the contract with Azavar
2. Staff Reports
3. Other Reports

Adjournment

PERSONS WITH DISABILITIES WHO NEED SPECIAL ASSISTANCE CALL 417-237-7000 (VOICE) OR 1-800-735-2466 (TDD VIA RELAY MISSOURI) AT LEAST 24 HOURS PRIOR TO MEETING.

Posted: _____

COMMITTEE ON INSURANCE/AUDIT AND CLAIMS
TUESDAY, JUNE 28, 2022
5:00 p.m.

COMMITTEE MEMBERS PRESENT: David Armstrong, Trudy Blankenship, and Robin Blair.
Robin Harrison was absent

OTHER COUNCIL MEMBERS: Mayor Dan Rife and Ed Barlow

STAFF PRESENT: Assistant City Administrator Traci Cox, City Clerk Miranda Deal, Bill Hawkins
and HR Coordinator Michael Miller

Vice- Chair David Armstrong called the meeting to order at 5:00 P.M.

OLD BUSINESS:

1. **Approval of minutes from previous meeting:** On a motion by Ms. Blankenship, the minutes of the June 14, 2022 meeting were approved 3-0.
2. **Review and approval of the Claims Report:** The Committee discussed items regarding the Claims Report. Ms. Blair moved to approve the claims. Motion carried 3-0.

NEW BUSINESS:

1. **Consider and discuss the Tourism Director Position:** Michael Miller gave an update on the process of finding a Tourism Director. One had been chosen and offered the job. The candidate had accepted the position and would officially put in her notice with her current job after the City Council meeting. The new Tourism Director will start July 18.
2. **Staff Reports:** Ms. Deal gave a staffing update. One of the court clerks will be leaving City Hall after June 30, interviews are scheduled and Ms. Deal hopes to have the position filled as soon as possible. Also, the new Municipal Judge is to be sworn in at the City Council meeting.

Ms. Cox updated the committee on changes with Municode. Previously, Municode updated the Code on the website and sent pages for the Code books once a year. There is now an annual fee of \$1,796 and the Code will be updated on a quarterly basis. She also spoke about a meeting with Azavar, a company who does an audit on businesses and companies to make sure they are properly reporting and paying correct sales tax amounts. There is no fee for this unless they find money that is owed to the City, if they find anything they are to receive 37% of what is found. The committee agreed to pursue this and a Council Bill will be brought back to the committee. Ms. Cox gave an update on changes with the City's liability insurance, Midwest Public Risk. Previously, the cyber security fee was included in the payment to MPR, this year there will be a separate payment to Gallagher for cyber-security and we have increased our coverage to 2 million dollars. MPR has also capped the total amount they will pay for loss and it is 115% of the valuation. Some City property values are low, so we may need to look at spending some money to increase values in case a disaster strikes and ruins any City property.

3. Other Reports:

ADJOURNMENT: Ms. Blankenship made a motion to adjourn at 5:27 PM. Motion carried 3-0.

Miranda Deal

COUNCIL BILL NO. 22-35

ORDINANCE NO. _____

An Ordinance authorizing the Mayor to enter into a contract with Azavar to provide a local government tax and fee audit in the City of Carthage, Missouri

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CARTHAGE, JASPER COUNTY, MISSOURI as follows:

SECTION I: The Mayor of the City of Carthage is hereby authorized into a contract with Azavar Solutions Inc, DBA Azavar Government Solutions, a copy of which is attached hereto and incorporated herein as if set out in full.

SECTION II: This ordinance shall take effect and be in force from and after its passage and approval.

PASSED AND APPROVED THIS _____ DAY OF _____, 2022.

MAYOR

ATTEST:

CITY CLERK

Sponsored by:



Professional Services Agreement City of Carthage, Missouri

Azavar Audit Agreement

Created by:

Tom Fagan
Azavar

Prepared for:

Traci Cox
City of Carthage, Missouri

Professional Services Agreement

This Professional Services Agreement (this "Agreement") is made and entered into on the 28th 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 Carthage, Missouri Municipality corporation having its principal place of business at 326 Grant Street Carthage, Missouri 64836 ("Customer").

1. SCOPE OF SERVICES

1.1 Subject to the following terms and conditions, Azavar shall provide professional services ("Services") in accordance with the below statement of work. Azavar will render the services provided under this Agreement in a workmanlike manner in accordance with industry standards. The Services and work provided shall be provided in substantial accordance with the below Statement of Work:

(a) Azavar shall undertake a Local Government Audit Program on behalf of the Customer. As part of the Local Government Audit Program Azavar shall, on behalf of the Customer, separately review and audit each tax or fee imposed by the Customer within the Customer's corporate boundaries ("Audits") including, but not limited to those imposed upon local businesses and, electric, gas, telecommunications, refuse, and water providers ("Providers") on behalf of the Customer.

Azavar shall review during the course of its work for the Customer, Customer ordinances, contracts, receipts, addresses and databases, including any of the aforementioned items, whether administered locally, by the state or federal government, by any other government or non-government organization, or by any other third-party, revenues relating to use/occupation taxes, including business license/registration databases and revenue, and any other locally authorized fees and/or licenses, including liquor licenses. Azavar shall review and audit, amusement, food, beverage, and/or liquor taxes and/or fees and hotel, motel, bed, and/or transient occupancy taxes where applicable to the Customer. Azavar shall review and consult Customer on areas to enhance, increase, or maximize Customer revenues including, but not limited to, previous, existing, or new ordinances, agreements, or third-party contracts. Should the Customer own or operate its own utilities including electric, natural gas, water or other utilities, Azavar shall also review and audit the revenues and expenses of those Customer owned or operated utilities.

(b) The purpose of each audit is to determine past, present, and future taxes, franchise 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 by Providers 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. Azavar will review and analyze Federal and Missouri state law, the Customer's own local ordinances and databases, and the franchise agreements, contracts or bills between Customer and Providers to conduct the Audits. In the course of an audit, Azavar will present to Customer in writing findings of monies which should have been paid to Customer by Providers in the past ("Underpayments") and, based on the record of Underpayments, an estimate of the increased revenue Customer can reasonably expect to realize from Providers by correcting in the future errors identified in the Audits ("Anticipated Increased Revenue") for review by the Customer (hereinafter "Findings"). Azavar will assist Customer to correctly apply and enforce obligations of Providers to collect monies due to the Customer under such applicable laws, local ordinances, or contracts. Azavar shall review Customer ordinances and may present recommendations to Customer to maximize Customer future revenues as part of the Audits. Customer understands that Findings may include but are not limited to suggested updates to local ordinances or the codification thereof. Customer agrees that any Findings, if implemented in whole or in part by the Customer or Azavar with Customer's authorization, shall be fully compensable under Section 3 of this Agreement, including wherein the Findings require any amendments to an ordinance and wherein the ordinance is so amended within eighteen (18) months of the date of submission of the Findings to Customer by Azavar. Customer agrees to review any Findings within thirty (30) days.

(c) Customer hereby represents that it is not engaged in any Audits of Providers as contemplated under this Agreement and shall therefore pay Azavar the fees set forth in this Agreement for any Anticipated Increased Revenue attributable to the Audit or Findings by Azavar. Customer agrees that it shall notify Azavar within five (5) business days of any newly initiated Audits, changes to any ordinances related to any Audits, or execution or renewal of any contracts or franchise agreements related to any Audits as contemplated under this Agreement.

(d) Azavar acknowledges and understands that Customer may be a member of approved or proposed plaintiff classes in certain class action lawsuits relating to telecommunications taxes. Within fifteen (15) days of the execution of this agreement, Customer shall provide Azavar with a list of all such actions of which it is aware and shall provide notice within fifteen (15) days of being made aware of any action of which it was not aware at the time of execution. The taxes or fees at issue in these lawsuits are excluded from this Agreement. In the event that Customer receives notice that it is a class member or potential class member to another class action lawsuit involving Providers within the scope of this Agreement, Customer shall notify Azavar within five (5) business days of such notice.

(e) In order to perform the Audits, Azavar shall require full access to Customer records and Provider records. Customer shall use its authority as necessary to assist in acquiring information and procure data from Providers.

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 Providers when requested by Azavar. Customer shall notify Azavar of any Provider requested meetings with Customer and shall include Azavar in said meetings.

(f) 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 participation for that specific Provider audit at no cost to the Customer 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.

(g) Customer acknowledges that each Provider is a separate entity that is not controlled by Azavar and therefore Azavar cannot predict all the steps or actions that a Provider will take to limit its responsibility or liability during the Audit. Should Customer negotiate, abate, cancel, amend, delay, or waive by any means all or a portion of Underpayments of Anticipated Increased Revenue identified as payable to Customer during an audit, Customer shall pay any applicable contingency fees for any Findings that were identified by Azavar or by its Audits;

(h) The first audit start date is expected to be within no later than thirty (30) days from the date of this Agreement unless changed and approved by the Customer's Audit Primary Contact and Liaison;

(i) Each audit is expected to last at least six (6) months;

(j) 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 Liaison and will occur approximately every quarter;

(k) Jason Perry, Local Government Audit Program Manager, and Azavar specialists will be auditors under this Agreement. All Azavar staff or subcontractors shall be supervised by the Azavar Program Manager.

1.2 Customer agrees to provide reasonable access to facilities for Azavar working 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. Customer will assign and designate an employee to be the Audit Primary Contact and Liaison. The Customer's Audit Primary Contact and Liaison will be the final decision maker for the Customer as it relates to this audit and will meet with Azavar staff on a regular basis as necessary. Lack of participation of Customer staff, especially at critical milestones during an audit, will adversely affect the audit timeline and successful recovery of funds. Customer's staff shall be available for meetings and participation with Providers to properly verify records and recover funds.

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. Customer shall designate Azavar as Power of Attorney with the Missouri Department of Revenue solely for the purpose of reviewing data provided by the Missouri Department of Revenue.

3. PAYMENT TERMS

3.1 Customer shall compensate Azavar the fees set forth in this agreement on a contingency basis. In the event that Customer directly receives monies related to a Finding regarding Anticipated Increased Revenue, Azavar shall submit an invoice to Customer on a monthly basis detailing the amounts charged to Customer pursuant to the terms of this Agreement. Any invoice not disputed in writing by Customer within thirty (30) days after the receipt of such invoice shall be considered approved by the Customer. If Customer does not remit payment within sixty (60) days of receipt of an invoice, Azavar may assess interest at the rate of one percent (1%) per month. Contingency payment terms are outlined below. If Customer negotiates, abates, cancels, amends, delays, or waives, without Azavar's written consent, any Anticipated Increased Revenue that was 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 said tax determination or Findings at the rates set forth below and for the following thirty-six (36) months. If Customer later implements during the subsequent thirty-six (36) months any Findings Customer initially declined based on Azavar programs or recommendations, Azavar shall be paid by Customer its portion of the recoveries over the following thirty-six (36) months at the contingency fee rates set forth below. This contract does not entitle Azavar to any compensation relating to the outcome of an Audit relating to the holders of video service authorization as contemplated under V.A.M.S. § 67.2691.

3.2 Customer shall pay Azavar an amount equal to thirty-seven (37) percent of any Anticipated Increased Revenue realized per account or per Provider for thirty-six (36) months following when funds begin to be properly remitted to the Customer. In the event any Provider gives Customer any credits at any time in lieu of payment of Anticipated Increased Revenue, Customer will pay Azavar an amount equal to thirty-seven (37) percent of the fair market value for such credit or any other special consideration or compensation recovered for or received by the Customer from any Provider. All contingency fees paid to Azavar are based on determinations of recovery as agreed to by Azavar and Customer after review and analysis of Provider data and regulatory filings. All revenue after the subsequent thirty-six (36) month period for each account individually will accrue to the sole benefit of the Customer. Customer acknowledges that the 37% fee offered by Azavar is a special discount provided to the St. Louis Area Consortium contingent upon Customer executing and providing to Azavar this Agreement on or before July 31st 2022 ("Deadline").

3.3 As it pertains to Customer expenses, utility service bill and cost Audits, Customer shall pay Azavar an amount equal to thirty-seven (37) percent of Anticipated Increased Revenue approved by Customer for thirty-six (36) months following the date savings per Provider is implemented by Azavar or Customer. In the event Azavar is able to recover any refunds or any credits at any time, Customer will pay Azavar an amount equal to thirty-seven (37) percent of said refunds or credits recovered for or received by Customer from any Provider. All contingency fees paid to Azavar are based on determinations of savings by Azavar including Provider data and regulatory filings. All savings after the subsequent thirty-six (36) month period for each service provider individually will accrue to the sole benefit of the Customer.

3.4 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 thirty-six (36) month period of billing, Customer will pay for the full 36 months in one billing.

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 where such third parties have no confidentiality obligations to the disclosing party; and (iv) information subject to disclosure under any Missouri state or federal laws.

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 any 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 therefor 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. 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.

5.2 Under no circumstance shall Customer have the right to distribute any 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.

7. TERMINATION

7.1 Unless earlier terminated in accordance with Section 7.2 below, this Agreement shall be effective from the date first written above and shall continue thereafter until terminated upon 90 days written notice by Customer or Azavar.

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), and Section 10 (Use of Customer Name) shall survive termination of this 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:

Finance Director
City of Carthage, Missouri
326 Grant Street Carthage, Missouri 64836

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. 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.

11. 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 Missouri and the parties hereby consent to the jurisdiction of the courts of the State of Missouri.

City of Carthage, Missouri

Azavar Audit Solutions, Inc

Print Name:

Print Name: Jason Perry

Signature:

Signature:

Title:

Title: President



Engagement Letter

Azavar, Cozen O'Connor Agreement

Created by:

Tom Fagan

Azavar

Prepared for:

Traci Cox

City of Carthage, Missouri



Azavar Audit Engagement Letter

28th day of July 2022

VIA ELECTRONIC MAIL

Traci Cox

City of Carthage, Missouri

326 Grant Street Carthage, Missouri 64836

Mr. Jason Perry

Azavar Audit Solutions, Inc.

55 East Jackson Street

Chicago, IL 60604

Jonathan M. Grossman

Direct Phone: 202-912-4866

Direct Fax: 202-618-4856

jgrossman@cozen.com

Re: Municipal Taxes and Fees

Dear Traci and Jason:

We are pleased that the City of Carthage, Missouri (“Carthage”) and Azavar Audit Solutions, Inc. (“Azavar”) are jointly engaging Cozen O’Connor LLP (“Cozen”) to assist in the collection of municipal taxes and/or fees. This letter is intended to formalize our retention, as required by applicable Rules of Professional Conduct.

Carthage and Azavar entered into a Professional Services Agreement on 28th day of July 2022 (the “PSA”), pursuant to which, Azavar is auditing or will audit certain municipal taxes and fees. Azavar and Carthage now retain Cozen to advise them as to certain of these audits, specified by Azavar, and any other actions that they may take to identify and collect any taxes or fees and bring these matters to a resolution. Such additional actions may include an administrative hearing and/or litigation. Cozen may elect to represent Carthage in such actions, but the firm is not now being retained to do so and any such retention is subject to Cozen’s agreement confirmed in writing.

Azavar Audit Engagement Letter

Cozen's fee will be contingent upon payment of taxes or fees to Carthage and will be paid by Azavar out of fees that it receives from Carthage under Section 3 of the PSA. Cozen, Azavar and Carthage will each be responsible for paying their own costs such as travel expenses for their personnel and routine overhead expenses (e.g., copying, telephone and express mail). Direct litigation costs, such as filing fees, deposition transcripts, expert witness expenses and outside copying fees shall be paid by Carthage.

If Carthage is awarded costs or legal fees in addition to taxes, penalties and interest, those costs or fees shall first be used to reimburse Carthage for any direct litigation costs it paid. Any amount in excess would be paid to Cozen.

Notwithstanding Azavar's financial interest in the collection of taxes, Azavar acknowledges that Carthage will retain ultimate decision-making authority as to this matter.

It is hereby agreed that any dispute, claim or controversy arising out of or relating to this letter, Cozen's representation of Azavar or Carthage, or the breach, termination, enforcement, interpretation or validity of this letter, shall be settled by arbitration conducted in Chicago, Illinois, using a single arbitrator and administered by the American Arbitration Association pursuant to its comprehensive rules and procedures. Judgment on the award rendered by the arbitrator may be entered in any state or federal court located in Cook County, Illinois.

Cozen is a general service law firm that Carthage recognizes has represented, now represents and will continue to represent numerous clients over a wide range of industries and businesses in a wide variety of matters. Given this, without a binding conflicts waiver, conflicts of interest might arise that could deprive Carthage or other clients of the right to select this firm as their counsel.

Thus, as an integral part of the engagement Carthage agrees that Cozen may, now or in the future, represent other entities or persons, including in litigation, adversely to Carthage or any affiliate on matters that are not substantially related to the legal services that Cozen has rendered, is rendering or in the future will render to Carthage under this engagement (an "Allowed Adverse Representation").

Azavar Audit Engagement Letter

Carthage also agrees that it will not, for itself or any other entity or person, assert that either (a) this firm's representation of Carthage or any affiliate in any past, present or future matter or (b) this firm's possession of confidential information belonging to Carthage or any affiliate is a basis to disqualify Cozen from representing another entity or person in any Allowed Adverse Representation. Carthage further agrees that any Allowed Adverse Representation does not breach any duty that this Firm owes to Carthage or any affiliate. Carthage acknowledges that it has had the opportunity to consult with counsel about the consequences of this waiver.

If the arrangement outlined above is satisfactory, please acknowledge this by signing below and returning it to me at your earliest convenience. If you have any questions concerning the terms of this engagement, please do not hesitate to call me.

Sincerely,
COZEN O'CONNOR

By: Jonathan M. Grossman

JMG

Accepted on Behalf of City of Carthage, Missouri:

Accepted on Behalf of Azavar Audit Solutions, Inc.

Signature:

Signature:

Print Name:

Print Name: Jason Perry

Title:

Title: CEO and President

Date:

Date: 06-17-2022