

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (the "Agreement") is entered into between the Town of Paradise Valley, a municipal corporation of the State of Arizona ("Client") acting through Town Manager (the "Manager"), and Interim Public Management, LLC, an Arizona limited liability company ("IPM").

RECITALS

WHEREAS, the Code and Ordinances of Client, Client policies and/or Client's Council empower the Manager to enter into contracts on behalf of Client for professional services; and

WHEREAS, Client is in need of professional management-level services, at this time and possibly in the future; and

WHEREAS, Client desires to enter into this Agreement for IPM to provide professional services to Client upon the terms and conditions set forth herein and to agree to terms and conditions that will govern other such related services as may be requested by the Manager from time to time (the "Services"); and

WHEREAS, IPM desires to provide the Services upon the terms and conditions set forth herein;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Details of Services. For each engagement hereunder, a description of the Services to be provided, the expected start date, fees and expenses, and other details regarding the Services shall be set forth in a Schedule to this Agreement signed by the Manager and IPM. The individuals to be provided by IPM to perform the Services shall be referred to herein as each a "Consultant" and collectively the "Consultants." In addition, the Consultants, other IPM representatives and the Chief Executive Officer of IPM (the "CEO") will be reasonably available by telephone and email to Client for additional workdays and/or hours, subject to appropriate additional charges based on the fee structure set forth in the applicable Schedule, if such additional work and charges have been preapproved in writing (email acceptable) by the Manager.

2. Selection of Consultants. IPM and Client will agree from time to time to certain Consultant(s) to provide Services to Client, and each such engagement will become effective upon the Effective Date of the applicable Schedule to this Agreement. IPM and Client agree each such

Consultant has been selected to perform the Services after mutual consultation and is a suitable individual with sufficient education and prior experience to provide the designated Services to Client. IPM may replace a Consultant if such Consultant becomes unavailable to IPM for any reason. In each such event, IPM will endeavor to provide a reasonably sufficient replacement Consultant within two (2) weeks, and this Agreement and the applicable Schedule shall then apply with respect to that replacement Consultant. IPM may use secondary vendors to fulfill any or all of its obligations hereunder without securing Client's consent.

3. Term. This Agreement shall commence upon its execution by both parties hereto (the "Effective Date") and shall continue until terminated by either party, with or without cause, by providing the other party 30 days' prior written notice of termination. Each Schedule shall set forth the terms under which it may be terminated. Any termination of this Agreement shall not automatically terminate any then-effective Schedule(s), each of which must be terminated pursuant to its specific terms and conditions.

4. Fees, Invoicing and Payment.

4.1. In consideration of the Services to be rendered by IPM, Client shall pay to IPM all fees and expenses arising hereunder and arising pursuant to the terms of each active Schedule.

4.2. In addition, if at any time during the term of this Agreement or the applicable Schedule or within one (1) year thereafter Client hires, contracts with or engages in any way, directly or indirectly, any Consultant that has been provided by IPM to provide Services to Client under this Agreement or any Schedule hereto to perform any services for or for the benefit of Client (other than through IPM), Client hereby agrees to pay IPM an Engagement Fee equal to 20.8% of the annualized salary, fees or other compensation to be paid to or for the benefit of such Consultant, payable to IPM at the time of such engagement of the Consultant's services.

4.3. Client agrees to timely review and approve reports of time worked by IPM employees, if submitted to Client. If Client is unavailable to approve, IPM may approve such reports on Client's behalf. Reports of time worked approved as set forth herein will be conclusive as to the Services provided by each IPM Consultant assigned to Client.

4.4. IPM will invoice Client semi-monthly for all amounts arising hereunder, which invoices are payable by Client on net 10-day payment terms. Late payments will be subject to a service charge of one and one-half percent (1.5%) per month, or the maximum charge permitted by law, whichever is less. In addition to charging interest, IPM reserves the right to suspend performance of the Services while any amount due hereunder is past due and remains unpaid.

5. Independent Contractor Status; Obligations and Duties of Parties. With respect to the services provided by IPM hereunder, IPM shall be an independent contractor, and no Consultant shall be construed in any way to be an employee of Client.

5.1. As the employer, IPM will maintain all necessary personnel and payroll records for its employees; calculate their wages and withhold taxes; remit such taxes to the appropriate governmental entity; pay net wages and benefits, if any, to its employees; and provide workers' compensation insurance coverage as required by law.

5.2. IPM shall be responsible for providing proper compensation to the Consultants and all other IPM representatives per IPM's agreed terms therewith, and no employee or contractor of IPM shall be entitled to or have any right to demand salary, wages, benefits, employment or income taxes, reimbursements, workers compensation coverage, retirement, insurance or any other benefit, compensation or remuneration directly from Client, whether or not Client affords any such payment or benefit to its employees. Notwithstanding the foregoing, if applicable Client shall be responsible to pay any alternative pension contributions if required by state law that arise as a result of the Services provided hereunder; Client agrees that it shall otherwise pay no wages, salary or other forms of direct or indirect compensation, including employee benefits, to any Consultant.

5.3. IPM shall have the sole authority to assign and/or remove the Consultants. Notwithstanding the foregoing, Client may request in writing that IPM remove or reassign a Consultant, and IPM shall not unreasonably withhold its approval of any such request.

5.4. Client shall provide IPM's employees with a suitable workplace, if and as applicable, that complies with all applicable safety and health requirements; and adequate instructions, assistance, supervision and time to perform the Services. Where an IPM employee is given access to any of Client's computer equipment or systems, Client is responsible for maintaining a current backup copy of any data associated with those systems and appropriate written internal control procedures relating thereto. Client agrees to give IPM immediate written notice of any concern or complaint regarding a Contractor's performance or conduct. Client agrees that it shall report all on-the-job illnesses, accidents and injuries of any Contractor to IPM immediately upon Client's receipt of notice or knowledge of same.

6. Compliance with Law. IPM agrees to comply, and to ensure that the Consultants and all other IPM representatives comply, with the provisions of Federal law, State statutes, Client's Code and any and all other applicable laws. Client agrees to comply with its obligations under all applicable laws, regulations and orders, including but not limited to laws relating to workplace safety and employment discrimination. Client represents that its actions under this Agreement do not violate its obligations under any agreement it has with any labor union.

7. Indemnification.

7.1. IPM agrees to indemnify, defend and hold harmless Client, to the extent of the insurance limits set forth in Section 9, from and against all claims, liabilities, damages, attorneys' fees, costs and expenses ("Losses") arising out of IPM's breach of its obligations under this Agreement or any direct claim for workers' compensation benefits for job-related bodily

injury or death asserted against Client by any IPM employees or, in the event of death, by their personal representatives. IPM's obligation to indemnify, defend and hold harmless will not apply to: indirect, special or consequential Losses; the extent Losses are due to Client's failure to fulfill its duties under this Agreement or any applicable law; the extent any Losses, except for the payment of workers' compensation benefits, are the result of any negligent act or omission or intentional misconduct of Client, its employees or agents; or the extent Client is required to indemnify IPM against such Damages as set forth in this Agreement.

7.2. Client agrees to indemnify, defend and hold harmless IPM and its officers, directors, employees and agents from and against all Losses imposed upon or incurred by IPM, other than for job-related bodily injury or death of IPM's employees on assignment to Client, arising out of Client's breach of its obligations under this Agreement or Client's failure to comply with its obligations under applicable laws, regulations or orders. Client's obligation to indemnify, defend and hold harmless will not apply to: indirect, special or consequential Losses, or the extent any Losses are the result of any negligent act or omission or intentional misconduct of Client, its employees or agents.

7.3. IPM and all IPM Consultants and representatives shall be entitled to the defense and indemnification provisions of Client's Code and any other indemnification protections available by statute.

7.4. The party that is seeking indemnity from the other party pursuant to this Section 7 shall give the indemnifying party prompt notice of any such claim, allow the indemnifying party to control the defense and settlement thereof, and cooperate with the indemnifying party relating thereto. If the indemnifying party does not assume control of the defense, the indemnified party may do so at the expense of the indemnifying party. Failure or delay of notice of any claim hereunder shall not relieve an indemnifying party of its obligations with respect to such claim except to the extent such indemnifying party can demonstrate that its interests have been materially prejudiced by such failure or delay.

7.5. The provisions of this Section 7 shall survive the termination of this Agreement and the expiration or termination of any Schedule hereto.

8. Performance Warranty. IPM warrants that the Services rendered by the Consultants will conform to the requirements of this Agreement and to the prevailing professional standards for comparable services in the Phoenix metropolitan area. In the event of breach of the foregoing warranty, IPM will re-perform the deficient Services and correct the breach at no additional cost. Except for the warranties described herein, IPM disclaims all other warranties concerning the Services, express or implied, including without limitation any warranty of merchantability or fitness for a particular purpose and any warranty that might otherwise arise pursuant to applicable law. Client's remedies and IPM's liability under this Agreement are limited to the remedies and liabilities set forth in this Section 8.

9. Insurance.

9.1. IPM agrees to procure and maintain in force during the term of this Agreement, at its own cost, the following coverages or sufficient evidence of qualified self-insured status of same:

9.1.1. Commercial General or Business Liability Insurance with minimum combined single limits of one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) general aggregate.

9.1.2. Professional Liability coverage with minimum limits of one million dollars (\$1,000,000) each claim and one million dollars (\$1,000,000) general aggregate.

9.2. All coverages shall be continuously maintained to cover all liability, claims, demands and other obligations assumed by IPM pursuant this Agreement. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage. Client reserves the right to continue payment of the premium for which reimbursement will be deducted from amounts due or subsequently due IPM.

9.3. A Certificate of Insurance shall be completed by IPM's insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect. The Certificate shall identify this Agreement and shall provide that the coverages afforded under the policies shall not be canceled, terminated or limits reduced until at least 30 days prior written notice has been given to Client. The Certificate of Insurance shall be sent or emailed to the Manager.

10. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in the County in the State of Arizona in which Client is located.

11. Miscellaneous.

11.1. Amendments. Except as may be otherwise stated herein, this Agreement or any Schedule hereto may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of Client and IPM.

11.2. Severability. The provisions of this Agreement are severable to the extent that any provision or application held to be invalid by a court of competent jurisdiction shall not affect any other provision or application of the Agreement which may remain in effect without the invalid provision or application.

11.3. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors, representatives and assigns.

11.4. Entire Agreement; Interpretation; Parol Evidence. This Agreement and the Schedules hereto collectively represent the entire agreement of the parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded thereby. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting of, review of, and entry into this Agreement.

11.5. Waiver. The failure by one party hereto to require performance by the other party shall not be deemed to constitute a waiver of any such breach, nor of any subsequent breach by the other party of any provision of this Agreement, and shall not affect the validity of this Agreement, nor prejudice either party's rights in connection with any subsequent action. This Agreement or any provision hereof may be waived by a party hereto only via a writing signed by such party.

11.6. Force Majeure. IPM will not be responsible for failure or delay in assigning its employees to Client if the failure or delay is due to labor disputes and strikes, fire, riot, war, acts of nature or of God, or any other causes beyond the control of IPM.

11.7. Dispute Resolution. The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this Agreement or any Schedule hereto. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, upon which demand the matter shall be submitted to a mediation firm mutually selected by the parties. The mediator shall hear the matter and provide an informal opinion and advice within twenty (20) days following written demand for mediation. Said informal opinion and advice shall not be binding on the parties, but shall be intended to help resolve the dispute. The mediator's fee shall be shared equally by the parties. Each party shall pay its own attorneys' fees and costs. If the dispute has not been resolved, the matter may then be submitted by either party to the judicial system.

11.8. Attorneys' Fees and Costs. Should any legal action, including mediation or other alternative dispute resolution methods, be necessary to enforce any term of provision of this Agreement or to collect any portion of the amount payable hereunder, then all reasonably incurred expenses of such legal action or collection, including witness fees, costs of the proceedings and attorneys' fees, shall be awarded to the substantially prevailing party.

11.9. Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been

duly given if (a) delivered to the party at the address set forth below, (b) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, or (c) given to a recognized and reputable overnight delivery service, to the address set forth below:

If to Client: James C. Bacon Jr., Town Manager
Town of Paradise Valley
6401 E. Lincoln Dr.
Paradise, AZ 95253
Email: jbacon@paradisevalleyaz.com

If to IPM: Interim Public Management, LLC
16868 North Stoneridge Court
Fountain Hills, Arizona 85268
Attn: Timothy G. Pickering, CEO
Email: tim@interimpubliemanagment.com

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this subsection. Notices shall be deemed received the earlier of (a) when delivered to the party, (b) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, or (c) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

11.10. Confidentiality of Records. IPM shall establish and maintain commercially reasonable procedures and controls for the purpose of ensuring information contained in its records or obtained from Client or from others in carrying out its obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform IPM's duties under this Agreement or for the management of IPM's business. Persons requesting such information should be referred to Client.

11.11. Americans With Disabilities Act. This agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFF Parts 35 and 36. (Non-Discrimination: IPM shall comply with Executive Order 2009-09, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation shall have equal access to employment opportunities, and all other applicable state and federal employment laws, rules and regulations, including the Americans With Disabilities Act. IPM shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, age, national origin or political affiliation or disability.)

11.12. Compliance With Federal and State Laws. IPM understands and acknowledges the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989.

11.12.1. Under the provisions of A.R.S. § 41-4401, IPM hereby warrants to Client that IPM and each of its subcontractors will comply with, and are contractually obligated to comply with, all Federal Immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (hereinafter "Contractor Immigration Warranty").

11.12.2. Client retains the legal right to inspect the papers of any contractor or subcontractor employee who works on this Agreement to ensure that the contractor or subcontractor is complying with the Contractor Immigration Warranty. IPM agrees to assist Client in regard to any such inspections.

11.12.3. Client may, at its sole discretion, conduct random verification of the employment records of IPM and any subcontractors to ensure compliance with Contractor's Immigration Warranty. IPM agrees to assist Client in regard to any random verifications performed.

11.12.4. Neither IPM nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if IPM or any subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214, Subsection A.

11.12.5. The provisions of this article must be included in any contract that IPM enters into with any and all of its subcontractors who provide services under this Agreement or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

11.13. Scrutinized Business Operations. In signing this Agreement, IPM certifies pursuant to ARS §35-391 that it does not have scrutinized business operations in the Sudan and pursuant to ARS §35-393 that it does not have scrutinized business operations in Iran.

11.14. No Kick-back Certification. No person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that member of Client's Council or any employee of Client has an interest, financially or otherwise, in IPM's firm.

11.15. Conflict of Interest. From the date of this Agreement through the termination of its service to Client, IPM shall not accept, negotiate or enter into any contract or agreements for services with any other party that may create a substantial interest, or the

appearance of a substantial interest in conflict with the timely performance of the work or ultimate outcome of this Agreement and/or adversely impact the quality of the work under this Agreement without the express approval of the Manager. Whether such approval is granted shall be in the sole discretion of the Manager. The parties hereto acknowledge that this Agreement is subject to cancellation pursuant to the provisions of ARS § 38-511.

IN WITNESS WHEREOF the parties have executed this Agreement, effective on the Effective Date described above.

Client: Town of Paradise Valley, Arizona

James C. Bacon Jr. 7/2/2014
By: James C. Bacon Jr., Town Manager Date

ATTEST:

amcm t/m

Agreed to and accepted by Interim Public Management, LLC:

Tim Pickering 7-2-14
By: Tim Pickering, CEO Date

**SCHEDULE A
TO
PROFESSIONAL SERVICES AGREEMENT**

Effective Date of Schedule: June 27, 2014

Client: The Town of Paradise Valley, Arizona

Services: Interim Public Safety Director with no duties involving those of a peace officer

Expected Commencement Date for Engagement: Tuesday, September 2, 2014.

Expected Services Performance Schedule: 5 days per week, typically Monday through Friday, excluding holidays.

Fees: Client shall pay to IPM the Fees set forth below, in consideration of the Services rendered by IPM hereunder:

Services Fees:	The Client shall pay IPM the following fee for each week during which the Consultant or other IPM representatives provide Services per the Expected Services Performance Schedule to the Client: \$3,450.00 per week, per Consultant or other IPM resource
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The Services Fees set forth above shall increase by five percent on April 1, 2015 and annually thereafter. Services Fees may be prorated by IPM as appropriate. If Client expressly approves or requests that a Contractor work overtime hours, and if IPM is required to pay such Consultant overtime rates for such work, Client hereby agrees that its rates for such Consultant with respect to such overtime hours shall be 1.5 times the Services Fees rates set forth above.

Term: This Schedule shall commence upon its stated Commencement Date and shall continue until terminated either (a) by either party without cause by providing the other party 30 days' prior written notice of termination; or (b) by either party with cause by providing the other party at least fifteen (15) days' prior written notice of termination for cause, provided that if the party giving such notice agrees that such cause has been cured during the first seven (7) days of such notice period then such notice of termination shall have no force or effect.

IN WITNESS WHEREOF the parties have executed this Schedule, effective on the Effective Date described above.

Client: Town of Paradise Valley, Arizona

James C. Bacon Jr. 7/2/2014
By: James C. Bacon Jr., Manager Date

ATTEST:

Quinn Smith

Agreed to and accepted by Interim Public Management, LLC:

By: Tim Pickering 7.2.14
Tim Pickering, CEO Date