



Employee Staffing Agreement

This Agreement for Employee Staffing Services (“Agreement”) is entered into in the State of Arizona effective July 1, 2022 (“Effective Date”), by and between City of Flagstaff (“Client”), and Educational Services, LLC, an Arizona limited liability company (“ESI”).

RECITALS

- A. ESI is a company in the business of providing employee staffing services.
- B. Client is an entity within the State of Arizona and desires to obtain certain staffing services (“Services”) from ESI. ESI is willing to provide Services to Client upon the terms and conditions contained in this Agreement.
- C. This Agreement provides for the allocation between Client and ESI of responsibilities with respect to covered employees (“Workers” pursuant to Section 2 below).
- D. This Agreement shall not diminish, abolish, or remove any rights of Workers against the Client, or obligations of the Client to any Workers, if any, that existed before the Effective Date of this Agreement.
- E. Client and ESI agree to be bound by the terms and conditions set forth in any applicable cooperative contract purchasing agreement.

AGREEMENT

In consideration of the foregoing recitals, and mutual promises contained herein, Client and ESI agree as follows:

1. RELATIONSHIP OF THE PARTIES

ESI is an independent contractor and shall perform its obligations under this Agreement as an independent contractor. All Workers provided by ESI to perform Services for Client pursuant to this Agreement shall be employees of ESI and not of Client. Client has the right to direct Workers only to the extent necessary to conduct the Client’s business, and operations, and to comply with licensing and certification requirements that apply to the Client, or to any Worker. In all other respects, ESI retains full control over the employment, direction, supervision, evaluation, compensation, discipline, and discharge of Workers performing Services under this Agreement. Nothing contained in this Agreement will be construed to create a joint venture or partnership, or the relationship of principal and agent, or employer and employee, between ESI and Client.

2. **WORKER**

In this Agreement, the term “Worker” or “Workers” means an individual(s): (a) employed by ESI in Arizona to work in Arizona, (b) who is performing Services for Client pursuant to this Agreement, (c) who has completed ESI’s required hiring and onboarding process forms, and, where applicable, is certificated or licensed as required by law for the position in which ESI places the Worker.

ESI will not place into employment positions with the Client any Worker who does not possess, or have the ability to possess, all necessary certification and endorsements or licenses for the position assigned.

ESI will maintain equal employment opportunity and anti-discrimination policies, including complaint procedures that address discrimination, and/or harassment claims. ESI retains the right to make a final determination as to whether to hire a Worker.

3. **TERM OF AGREEMENT**

The initial term of this Agreement will be one (1) year following the Effective Date (“Term”). Upon the expiration of the initial Term, this Agreement may be renewed annually upon mutual agreement of both parties (with each one-year renewal being a successive “Term”). This Agreement does not automatically renew at the end of each year.

4. **NON-APPROPRIATION CLAUSE**

Client may cancel this Agreement by providing written notice to ESI if funding is not available to Client due to budget constraints.

5. **TERMINATION**

A. Workers, Without Cause. Notwithstanding any other provision of this Agreement, Client may request termination of, and ESI may terminate, any Worker at any time without cause upon the submission of at least thirty (30) calendar days’ advance written notice.

B. Workers, With Cause. Notwithstanding any other provision of this Agreement, Client may request termination of, and ESI may terminate, any Worker upon written notice to ESI upon the occurrence of any of the following:

- (1) A material breach by ESI, or a Worker of any of ESI’s or Worker’s obligations under this Agreement, or under the Worker’s contract and/or employment offer letter.

- (2) If a Worker embezzles or misappropriates Client funds or property, defrauds Client, is convicted of a felony, or of any crime involving moral turpitude, has his or her certification or other licensing required for the position for which employed by ESI revoked or suspended, fails to maintain a valid fingerprint card if one is required by Client, commits an act or omission which constitutes a breach of the Worker's contract and/or employment offer letter, violates the policies of the Client applicable to Client's own employees, commits an act of unprofessional conduct, or commits an act that adversely affects the reputation of Client.
 - (3) Death or Permanent Disability of a Worker occurring any time during the term of this Agreement, in which event this Agreement (as it relates to the Worker) shall terminate as of his or her death or Permanent Disability. "Permanent Disability" shall mean the Worker is unable to perform his/her essential job duties, with or without reasonable accommodation, for a period of more than sixty (60) days.
 - (4) If it is later discovered that a Worker has made any material misrepresentations or has failed to provide any material representations in connection with the information provided to ESI.
- C. Agreement. This Agreement may be terminated by either party, for any reason, at any time prior to the expiration of the Term, by providing ninety-day (90) written notice to the other Party, in the manner described in Section 28.

6. **SCOPE OF SERVICES**

In collaboration with Client, ESI shall supply Workers and shall perform the following services:

- A. Recruit, hire, train, evaluate, compensate, place, replace, supervise, discipline, and terminate Workers.
- B. Maintain a recruiting and hiring program that is in compliance with federal and state laws, rules and regulations, equal opportunity, and anti-discrimination policies applicable to, and restricting, the hiring and selection process, including, but not limited to, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans With Disabilities Act ("ADA"), the Age Discrimination in Employment Act ("ADEA"), the Fair Credit Reporting Act ("FCRA"), the Arizona Civil Rights Act ("ACRA"), and the Arizona Employment Protection Act ("AEPA").
- C. Maintain a system of statewide background checks on all Workers provided to Client to include pre-screening, credentialing, licensure, statewide criminal background check, and fingerprinting, the results of which shall be made available to Client upon request to the extent permitted by law. ESI shall ensure

that all Workers possess all certifications and licenses necessary to perform their assignments.

- D. Maintain a system of evaluation, which can be the Client's evaluation systems and instruments.
- E. Maintain a program of supervision that enforces appropriate policies and procedures. In order to maintain the program, ESI may designate one or more on-site ESI employees as the supervisor, and/or, ESI contact responsible for addressing and responding to Workers.
- F. Provide each Worker with information regarding his or her obligation to comply with applicable safety, drug/alcohol, anti-harassment, anti-discrimination, anti-retaliation, and conduct policies.
- G. Inform each Worker in writing that s/he is employed by ESI, and not employed by the Client.
- H. Inform each Worker in writing that job related illness/injury reports are to be made to the Client, and ESI's on-site supervisor, or ESI contact, and provide information on where and how reports are to be made to the Client and ESI supervisor or contact. Worker must coordinate with ESI, or ESI's representative, for non-emergency treatment, and not the Client, or Client's representative.
- I. Pay Workers in compliance with applicable wage and hour laws, including, but not limited to the Fair Labor Standards Act ("FLSA"), the Fair Wages and Healthy Families Act, and Arizona Labor Code. ESI shall maintain complete and accurate records of all wages paid to a Worker assigned to provide services to Client. ESI shall be exclusively responsible for, and will comply with, applicable law governing the reporting and payment of wages, payroll-related, and unemployment taxes attributable to wages paid to Workers assigned to provide services to Client.

For SubSource Workers (substitutes), ESI will track, account and pay for paid sick time in accordance with the Fair Wages and Healthy Families Act ("FWHFA"). These costs for SubSource Workers will not be invoiced to the Client and will be ESI's responsibility.

For RetireRehire Workers (return-to-work retirees), Client will be responsible for providing paid leave equal to or greater than the amount required under the FWHFA. The annual allotment of a RetireRehire Worker's paid sick leave will not be accrued but will be granted by Client in full via a lump sum dispersal at the start of the RetireRehire Worker's contracted employment period. Client will have discretion in determining the type and quantity of paid leave so long as this paid leave allotment meets the requirements of the FWHFA.

Hourly employees will not be allowed to accrue “comp time,” and will be paid their proper overtime rate, 1 ½ times their regular hourly rate, for any hours worked over 40 hours in a workweek, as required by applicable law. If an authorized timesheet approver (employee of Client) approves a Worker timesheet with overtime hours on it, ESI must pay that overtime, and will bill Client accordingly for that overtime.

- J. Be responsible for the adequacy of the services provided by Workers pursuant to this Agreement.
- K. ESI shall perform all other responsibilities with respect to Workers otherwise required of an employer, and not assumed by Client pursuant to this Agreement.

7. **APPROVAL OF SUPPLIED WORKERS**

Client has the right, but not the obligation, to pre-approve any Worker provided by ESI to fill a position for which the Client has contracted with ESI to provide. The Client has the right to reject any Worker prior to, or, at the time of placement for any lawful reason. Client may recommend that ESI impose discipline upon any Worker for any lawful reason, and ESI may, in its own right, impose discipline, up to and including dismissal, upon any Worker for any lawful reason. ESI retains the sole right to determine if rejection, discipline, or dismissal of a Worker is for a lawful reason.

8. **ADMINISTRATIVE FEES**

Client will pay ESI an administrative fee in accordance with the Fee Schedule, attached as **Exhibit A**.

ESI will pay for all associated employer’s payroll liabilities for the Workers. Payroll liabilities include FICA (OASDI/Medicare), federal and state unemployment taxes, and workers’ compensation insurance (“Payroll Liabilities”). ESI’s obligation to pay all Payroll Liabilities will not change during the Term, even if there are mid-Term increases in SUTA or workers’ compensation rates charged for the Workers. However, ESI reserves the right to amend Exhibit A and charge Client for increased Payroll Liabilities mid-Term only in the event of the following: A) an additional category of payroll tax applicable to the Workers is mandated by any federal, state, or local government that was unforeseen at the commencement of the Term; or B) any federal, state, or local government imposes a material and substantial change to the payroll tax structure applicable to the Workers that causes material increased costs to ESI that were unforeseen at the commencement of the Term.

9. **PRE-PAYMENT INCENTIVE**

ESI pays Workers for their services to Client before receiving corresponding payment from Client. Therefore, ESI offers a pre-payment incentive in the Contract Administrative Fee if Client pre-pays for Services as defined per **Exhibit A**.

10. **PAYMENT TERMS**

ESI will bill Client with invoices as “net 30.” An 8% per annum late payment charge will be assessed for any payment that is not received within 30 days of invoice.

11. **WORKERS’ COMPENSATION**

- A. ESI will be considered the “employer” of all Workers for the purposes of providing workers’ compensation insurance within the meaning of A.R.S. § 23-901. ESI shall provide workers’ compensation and employer’s liability insurance in accordance with the statutory requirements of the State of Arizona, including Employer’s Liability insurance with limits of liability of not less than \$1,000,000 each accident, and \$1,000,000 bodily injury or disease. The workers’ compensation policy shall be endorsed to include the Alternate Employer Endorsement and shall include a waiver of subrogation in favor of Client from the workers’ compensation insurer.
- B. Client and ESI understand, agree, and acknowledge that no individual will be covered by ESI’s workers’ compensation insurance, or be issued a payroll check unless and until that individual has, prior to commencing work for the Client, satisfied the requirements and definition of a “Worker” under Section 2 of this Agreement.
- C. Client understands, agrees, and acknowledges that the workers’ compensation insurance that ESI will provide under this Agreement will only cover individuals who are employed by ESI, and that such ESI’s workers’ compensation insurance will not cover other individuals who might perform services for Client, whether as employees, independent contractors, or otherwise. Client agrees to provide workers’ compensation insurance or maintain a program of approved self-insurance covering Client’s own employees.

12. **CLIENT’S LIABILITY INSURANCE**

Client will provide liability indemnity protection to the Workers performing Services under this Agreement, and ESI, to the extent that the Worker is providing services for the Client, and the Worker is acting within the course and scope of the authorization granted. The provision of liability indemnity protection shall not be construed as evidence that the relationship between the parties and Workers is other than specifically provided for and agreed to in this Agreement.

The coverage provided will be made available to Workers as an additional covered party under the terms of the Client's insurance coverage. Coverage will be made available by the Client's insurance company to Workers on the same terms and conditions as coverage is made available to Client employees. ESI shall be named an additional covered party to the Client's insurance agreement but only to the extent that ESI is vicariously liable for the acts of Workers while Workers are performing services for Client but not for any actual or alleged wrongful act, error or omission of ESI in its own right (e.g., claims of negligent hiring, supervising or retention, employment discrimination, etc.).

13. **ESI'S LIABILITY INSURANCE**

ESI shall maintain in full force and effect at all times during the Term of this Agreement Commercial General Liability ("CGL") insurance with limits of liability of not less than one million dollars (\$1,000,000) per occurrence, and if such Commercial General Liability insurance contains a general aggregate limit of liability, the limit of liability shall be at least two million dollars (\$2,000,000).

14. **PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)**

The parties believe that all Workers are the common law employees of ESI and that ESI is an applicable large employer for purposes of compliance with the requirements of Code Section 4980H. Accordingly, ESI offers full-time Workers and their "dependents" (as defined in any regulations or other guidance issued under Code Section 4980H) the opportunity to enroll in ESI's "minimum essential coverage" (as defined in Code Section 5000A(f) and any regulations or other guidance issued thereunder) under an "eligible employer-sponsored plan" (as defined in Code Section 5000A(f)(2) and any regulations or other guidance issued thereunder) at least once per year. Such coverage will provide "minimum value" (as defined in Code Section 36B(c)(2)(C)(ii) and any regulations or other guidance issued thereunder).

In addition, ESI will determine full-time employee status for all Workers using the "look-back measurement method" (as defined in the regulations or other guidance issued under Code Section 4980H) and will conduct the necessary tax reporting as required by Code Sections 6055 and 6056, including the timely furnishing of all Forms 1095-C to applicable individuals and the timely filing of all Forms 1094-C and 1095-C with the Internal Revenue Service.

Each party agrees to provide the other party timely notice of any penalty assessment or other correspondence from the Internal Revenue Service or other governmental agency with respect to Code Section 4980H compliance as it applies to the Workers covered by this Agreement. For this purpose, notice shall be considered timely if provided to the other party no later than 20 days before a corresponding response is due to the Internal Revenue Service or other governmental agency.

15. **ADMINISTRATION**

- A. All Workers assigned to fill positions with the Client are employees of ESI. ESI is responsible for administrative employment matters, such as transmission of all federal, state, and local employment tax payments, providing workers' compensation insurance, as well as management of fringe benefit programs for Workers. ESI agrees to pay, and hold harmless, Client from any and all tax penalties, assessments, or governmental charges in connection with all or any of the Services provided under the terms of this Agreement. Client is responsible for payment of the Alternative Contribution to the Arizona State Retirement System for any amounts that may be due for individual Workers.
- B. Client will immediately forward to ESI any garnishment orders, involuntary deduction orders, notices of IRS liens, and other forms of legal process received by Client affecting payment of wages to Workers and will cooperate with ESI in responding thereto.
- C. Workers will receive compensation for services rendered pursuant to this Agreement solely through ESI. It is a material breach of this Agreement for Client to pay any Worker in cash, or by any other means for any Services rendered. Any individual whom a Client pays directly for any Services rendered will not be considered a Worker under this Agreement as to the Services for which the Client provides payment. Further, ESI shall provide Workers with unemployment insurance coverage to the extent required by law.
- D. ESI shall warrant compliance with all federal immigration laws and regulations that relate to Workers, and that it has verified employment eligibility of each Worker through the E-verify program.
- E. Upon Client's reasonable request, ESI will provide documentation showing compliance with Section 15(D) with respect to any Worker.
- F. If Client engages in ESI's RetireRehire service, Client RetireRehire Terms, attached as **Exhibit B**, summarizes Client's return-to-work program. Client has sole discretion to set terms. Terms may be changed by Client at any time upon written notice to ESI.
- G. If Client requires Worker to operate Client vehicles, Client shall assume full responsibility for transportation safety, vehicle maintenance, training Worker in the basic operational necessities of operating Client's vehicle, vehicle safety inspections, environmental compliance, and all government requirements and compliance relating to Worker's operation of Client's vehicle.

16. **PROTECTED LEAVES OF ABSENCE**

- A. The Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”) protects civilian job rights and benefits for military servicemembers, veterans, and members of Reserve components. Client agrees to provide for any necessary leaves of absence, employment, and/or reemployment positions in the event that Workers are called away for or return from military service, pursuant to the requirements of USERRA.
- B. The Family and Medical Leave Act (“FMLA”) protects job rights, leave, benefits, and re-instatement rights of eligible employees after the employee has been on approved FMLA leave. Client agrees to provide for any necessary leaves of absence, employment, and/or reemployment positions in the event that Workers go on leave or return from leave, pursuant to the requirements of the FMLA.

17. **SAFE WORK ENVIRONMENT**

- A. ESI and its Workers will comply with all health and safety laws, regulations, ordinances, directives, and rules imposed by controlling federal, state, or local governments, and will immediately report all work-related accidents involving the Worker within 24 hours to Client.
- B. If applicable, and appropriate, Client will provide the Workers with personal protective equipment as required by federal, state, local law, regulations, ordinance, directive, or rule.
- C. ESI or its workers’ compensation carrier has the right to inspect the Client’s premises and operation but is not obligated to conduct any inspections. ESI reserves the right to audit safety activities. ESI, or its insurers, may give reports to Client on the conditions found at Client’s worksites. Client will supply documentation related to safety activities as prescribed by law (e.g., safety meeting, training maintaining OSHA log). Neither ESI’s insurer nor ESI warrants the result of the inspections, or the absence thereof, or that the operations or premises are in compliance with any laws, regulations, codes, or standards.
- D. Client will ensure that all facilities where the Workers perform services are in compliance with any and all applicable federal, state, and/or local laws, regulations, codes, or standards.

18. **SUPERVISION**

- A. ESI, in coordination with Client, will provide direction, supervision, training, and control of each Worker in the performance of the Services. Client will

provide daily monitoring of the Workers and will report to ESI. ESI may designate at least one (1) on-site supervisor from among the Workers assigned to complete the Services. This on-site supervisor may direct the operational and administrative matters relating to the Services and may be under the direct supervision of ESI. If ESI fails to designate an on-site supervisor, Workers assigned to perform Services for the Client shall remain responsible to ESI or designee.

- B. ESI shall determine the procedures to be followed by Workers regarding the time and performance of the Workers' job functions and duties, and these will coincide with Client requirements regarding time and performance of same. Client agrees to cooperate with ESI in the formation of such policies and procedures and permit ESI to implement its policies and procedures relating to the Workers.
- C. Client may make all non-routine directives through ESI's on-site supervisor, or if an on-site supervisor is not provided, then through ESI or designee.

19. **INDEMNIFICATION**

Each party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney fees), hereinafter collectively referred to as "claims," arising out of bodily injury to any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. In addition, Client agrees to indemnify, defend, and hold harmless ESI for any (i) breach of any representation, warranty or obligation of Client set forth in this Agreement; and (ii) any claim that any work product or Client's receipt or use thereof infringes on any intellectual property right of a third party. For Workers operating Client vehicles, Client hereby agrees to indemnify, defend, and hold harmless ESI for any and all claims, losses, liability, costs, or expenses (including reasonable attorney fees) resulting from a vehicular incident, but only to the extent that the Workers are operating Client's vehicles within the course and scope of authorization granted by the Client.

ESI shall be solely responsible and shall indemnify the Client for any assessment, assessable payment, fine, penalty, or other liability assessed against ESI or the Client that arises in connection with ESI's failure to: (i) offer minimum essential coverage that provides minimum value consistent with Section 14 of this Agreement; (ii) timely and accurately furnish and file information returns consistent with Section 14 of this Agreement; or (iii) otherwise comply with the requirements of Code Section 4980H and any regulations or other guidance issued pursuant thereto. Notwithstanding the foregoing, ESI shall not be responsible and shall not indemnify the Client for any assessment, assessable payment, fine, penalty, or other liability assessed against ESI

or the Client that arises in connection with Client's failure to: (i) offer minimum essential coverage to its common law employees pursuant to an eligible employer-sponsored plan; (ii) offer coverage that provides minimum value and that is "affordable," within the meaning of Code Section 4980H and any regulations or other guidance issued pursuant thereto; or (iii) provide timely notice of any penalty assessment or other correspondence from the Internal Revenue Service or other governmental agency as described by Section 14 of this Agreement.

The Indemnitee hereunder shall promptly notify the Indemnitor in writing of any claim, suit, action or proceeding and cooperate with the Indemnitor at the Indemnitee's sole cost and expense. The Indemnitor shall immediately take control of the defense and investigation of such claim, suit, action or proceeding and shall employ counsel of its choice to handle and defend the same, at the Indemnitor's sole cost and expense. The Indemnitor shall not settle any claim, suit, action or proceeding in a manner that adversely affects the rights of the Indemnitee without the Indemnitee's prior written consent. The Indemnitee's failure to perform any obligations under this section shall not relieve the Indemnitor of its obligations under this section except to the extent that the Indemnitor can demonstrate that it has been materially prejudiced as a result of such failure. The Indemnitee may participate in and observe the proceedings at its own expense.

The parties agree that this Section 19 constitutes the complete agreement between the parties with respect to indemnification, and each party waives its right to assert any common-law indemnification or contribution claim against the other party.

20. **ADJUDICATION OF AGREEMENT**

If any court or arbitrator of competent jurisdiction holds that any provision of this Agreement is invalid or unenforceable, the parties desire and agree that the remaining parts of this Agreement will nevertheless continue to be valid and enforceable.

21. **LIMITATION OF LIABILITY**

CLIENT EXPRESSLY ACKNOWLEDGES AND AGREES THAT CLIENT'S SOLE REMEDY IN THE EVENT OF ESI'S BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT IS TO TERMINATE THIS AGREEMENT AND RECEIVE, WITHIN THIRTY (30) DAYS AFTER THE TERMINATION DATE, A REFUND FOR ANY FEES THAT CLIENT PAID ESI AS OF THE TERMINATION DATE FOR SERVICES THAT WERE NOT PERFORMED AS A RESULT OF ESI'S BREACH. FURTHER, ESI SHALL HAVE NO FURTHER LIABILITY OR OBLIGATION TO CLIENT WHATSOEVER, SUCH AS LIABILITY FOR SPECIAL OR CONSEQUENTIAL DAMAGES. CLIENT ACCEPTS THE RESTRICTIONS ON CLIENT'S RIGHT TO ADDITIONAL RECOURSE AS PART OF CLIENT'S BARGAIN WITH ESI.

22. **ATTORNEYS' FEES**

Should any litigation be commenced between the parties hereto concerning the terms of this Agreement, or the rights and duties of the parties under this Agreement, the prevailing party in such litigation shall be entitled to, and in addition to any other relief that may be granted, the prevailing party's attorneys' fees and costs.

23. **MODIFICATIONS OR WAIVER OF AGREEMENT**

No modification or waiver of this Agreement will be valid unless the modification or waiver is in writing and signed by the designated representative of the Client and a Director-level employee or above of ESI. The failure of either party at any time to insist upon the strict performance of any provision of this Agreement will not be construed as a waiver of the right to insist upon the strict performance of the same provision, at any future time.

24. **ENTIRE AGREEMENT**

This Agreement, including the Recitals and Exhibits, along with all other agreements explicitly referenced herein, including the Mohave Educational Services Cooperative Contract No. 21N-ESI3-0318, constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to its subject matter.

25. **BINDING NATURE OF AGREEMENT**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. For the avoidance of doubt, ESI has the right to assign its rights and obligations under the Agreement to any assignee, successor, and/or subsequent owner, whether as a result of a merger, acquisition, or other change in ownership.

26. **CONSTRUCTION; INTERPRETATION; MODIFICATION**

This Agreement is intended to express the mutual intent of the parties, and no rule of strict construction shall be applied against the drafting party. In this Agreement, the singular includes the plural, and the plural the singular; words imparting gender include both genders; references to "writing" include printing, typing, electronic writing and other means of reproducing words in a tangible visible form; the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation". The term "person" shall include an individual, corporation, joint venture, partnership, trust, estate, association or any other entity. This Agreement may not be modified or amended other than by a writing signed by the party to be charged with such modification or amendment.

27. **WARRANTY**

Pursuant to the provisions of A.R.S. § 41-4401, each party warrants to the other party that it is in compliance with all Arizona and federal immigration laws and regulations that relate to its employees and Workers and with the E-Verify program under A.R.S. § 23-214(A). Each party acknowledges that its breach of this warranty is a material breach of this Agreement subject to penalties up to and including termination of this Agreement. Each party retains the legal right to inspect the papers of any employee/Worker of the other party or any independent contractor who works on this Agreement to ensure compliance with this warranty.

28. **NOTICES**

All notices or other communication required or permitted under this Agreement shall be in writing, and shall be made by hand delivery, or overnight courier, or prepaid first-class certified mail, with an additional copy (which does not constitute notice) sent via email. Notice to ESI shall be sent to:

Educational Services, LLC
14614 N. Kierland Blvd, Suite 230
Scottsdale, AZ 85254
ATTN: ESA Administrator
Email: hr@esiaz.us

Notice to Client shall be sent to Client at the address set forth on the signature page hereto.

29. **NO RULE OF STRICT CONSTRUCTION**

Both parties have approved the language of this Agreement, and no rule of strict construction will be applied against either party.

30. **HEADINGS**

The descriptive headings of the paragraphs and subparagraphs of this Agreement are intended for convenience only, and do not constitute parts of this Agreement.

31. **COUNTERPARTS**

This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

32. **ARBITRATION**

In the event of any dispute between the parties to this Agreement arising out of, relating to, or in connection with the provisions of this Agreement, or the performance hereunder, the parties hereby agree that any such dispute shall be exclusively submitted to, and resolved in, binding arbitration. The arbitrator shall be selected by mutual agreement of the parties. The arbitrator's decision and/or award shall be final and binding. The prevailing party, if any, shall be entitled to reasonable attorney's fees and costs. Arbitration shall take place in Maricopa County, Arizona.

33. **GOVERNING LAW**

This Agreement shall be construed under the laws of the State of Arizona and shall incorporate by reference all mandatory contract provisions of state agencies required by statute or executive order.

34. **VALIDITY**

This Agreement shall be valid and enforceable only after the designated representative of both Client and ESI has signed it.

35. **CANCELLATION FOR CONFLICT OF INTEREST**

Pursuant to A.R.S. § 38-511, the Client may, within three (3) years after its execution cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the Client is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity, or a consultant to any other party to the contract with respect to the subject matter of the contract.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date indicated at their respective signatures below.

Effective Date: July 1, 2022.

“Client”

EDUCATIONAL SERVICES, LLC,
an Arizona limited liability company

By: _____

By: _____

Its: _____

Its: _____

CLIENT ADDRESS FOR NOTICE:

EXHIBIT A
Fee Schedule

ESI Cooperative Contracts

All fees are defined through the following cooperative contracts. The following is a summary of key terms and may be subject to change. Refer to the specific governing cooperative contract for current detailed fee terms.

Mohave Educational Services Cooperative Contract No. 21N-ESI3-0318

RetireRehire

ASRS Retired Member Leased Employees: excludes Substitutes

- 17.00% of gross salary

SubSource

Certified and Classified Substitutes

- 25.00% of gross salary

Pre-Payment Incentive

Pre-payment of at least 80% of estimated fiscal year expenditure required. Incentive is a 0.25 percentage point reduction of the base administration fee. Example: For ASRS Retired Member Leased Employees (excludes substitutes), the base admin fee of 17.0% would be reduced to 16.75%.

EXHIBIT B
Client RetireRehire Terms

Salaried Employees

Contractual Salary (% of Exiting Salary)	75%
Supplemental Pay (% of Pay Rate)	0%
Performance Pay	NO
Insurance Support	NO
Leave	YES
Holiday Pay	YES
Program Application Period	NONE
Time Limit with ESI	ONE YEAR

Other Special Provisions:

Sick Leave Yes (One day per month)

Hourly Employees

Same as Certified Employees

Contractual Salary (% of Exiting Salary)
Supplemental Pay (% of Pay Rate)
Performance Pay
Insurance Support
Leave
Holiday Pay
Program Application Period
Time Limit with ESI

Other Special Provisions: