



CLIENT SERVICE AGREEMENT

This Agreement executed this 15th day of November, 2007 by and between The Eules, a Texas Corporation having an office at 201 Ector Drive, Euless, Texas 76039 ("Client") and The Bowles Group, Inc. d.b.a. WORKFORCE ("WORKFORCE") with its principal place of business at 1903 Central Drive, Suite 200, Bedford, TX 76021.

WHEREAS, Client hereby engages WORKFORCE to jointly employ Assigned Employees ("Assigned Employees") who will perform services at Client's facilities. WORKFORCE agrees to be responsible for administering certain employer duties, including but not limited to: providing payroll, file and pay payroll taxes out of its account, administer employee benefits, provide workers' compensation insurance, establish and administer personnel policies, and on request of a Client Supervisor address employee grievances and disputes including termination. **THEREFORE**, in consideration of the mutual independent promises and conditions contained herein, the parties convey and agree as follows:

- 1. SERVICE RELATIONSHIP:** Client shall retain all responsibility for day to day operation and the service or product provided by Client to its customers. WORKFORCE will only provide the services set forth herein and shall not make decisions related to strategic, operational or other matters pertaining to Client's business. In the performance of the duties required under this Agreement, the Assigned Employees shall be guided by Client's supervisory personnel who will determine the manner and method of the work to be done and supervise the activities of the Assigned Employees. If an Assigned Employee fails to meet Client's normal standards of conduct or fails to comply with Client's policy and procedures, upon notification, WORKFORCE agrees to assist Client to investigate the matter in question, providing Client furnishes complete and timely documentation. If circumstances are such that a decision must be made immediately, Client shall have the right to suspend such Assigned Employee, with pay, if necessary, in order to provide time for WORKFORCE to review the documentation. Client's decision to reject or remove an Assigned Employee shall not be based on any factor that may violate any local, state or federal law related to non-discrimination in employment. WORKFORCE and Client agree to immediately notify the other upon becoming aware of any employee complaints of discrimination, harassment, equal opportunity employment or similar labor related inquiries or investigations. Client shall notify WORKFORCE'S Human Resource Department, 1-800-522-9778.
- 2. TERM OF AGREEMENT:** This Agreement shall continue for an initial term of (2) years with an option to renew for two additional one-year contracts by mutual written agreement unless sooner terminated by WORKFORCE or Client pursuant to Section 8. Client shall give WORKFORCE sixty (60) days prior written notice if Client elects not to renew the two (2) additional one year contracts.
- 3. SERVICE FEES AND PAYMENT:** For each pay period, Client shall pay the Service Fee and other costs in Exhibit "A" and reimburse WORKFORCE for all wages, salaries, overtime, authorized bonuses and commissions, including, but not limited to, benefits, holiday pay, vacation, sick leave and any other cost agreed to between WORKFORCE and Client. Payment of WORKFORCE'S invoice for services shall be according to Exhibit "A". Upon thirty (30) days written notice to Client, given prior to the annual anniversary date of the Agreement, WORKFORCE fee(s) in Exhibit "A" may be changed and shall be effective as stated in a revised Exhibit "A". Notwithstanding anything regarding WORKFORCE'S fees in this Section, if WORKFORCE is required by law to pay any additional statutory employer tax or workers' compensation premiums assessed by insurance authorities or insurance carrier, Client, upon being given notice, with sufficient documentation, shall reimburse WORKFORCE on the next scheduled invoice for payroll, the additional amounts with respect to the employees assigned to Client.

4. **INSURANCE:**

- a) WORKFORCE shall provide workers compensation insurance in compliance with State laws including, but not limited to , 1) Workers Compensation with at least the minimum statutory limits in each state to comply with law covering Assigned Employees of WORKFORCE, 2) Prior to the effective date of the Agreement, WORKFORCE shall furnish Client a Certificate of Insurance, attached as Exhibit "C", allowing not less than thirty (30) days notice of material change or cancellation. WORKFORCE shall have its insurance carrier name Client as an Alternate Employer on the Certificate.
- b) Client shall obtain and maintain from a licensed insurance carrier throughout the term of the Agreement and any renewal term, 1) Commercial General Liability in a standard form with minimum limits of \$1,000,000 combined single limits per occurrence, with an aggregate total of \$2,000,000 for bodily injury and property damage, premises operations, completed operations, broad form property damage, independent contractors and personal injury. If Client renders professional services, it shall maintain professional liability coverage as applicable; 2) Liquor Liability, with limits of not less than \$1,000,000 per claim, \$2,000,000 aggregate, if applicable; 3) Comprehensive Business Automobile insurance for all hired, owned, and non-owned vehicles with minimum limits of \$1,000,000 combined single limits per occurrence for bodily injury and property damage; 4) Should Client engage in any activity creating a hazard for which underground explosion, collapse and underground property damage coverage is created, Client shall maintain coverage under its Commercial General Liability policy with limits of not less than \$3,000,000 per occurrence, and 5) prior to the effective date of the Agreement Client shall furnish WORKFORCE a Certificate of Insurance, attached as Exhibit "C", allowing not less than thirty (30) days notice of material change or cancellation. Client shall name Workforce on each policy, except Client's workers' compensation insurance, as an additional insured.

5. **INDEMNITY:**

- a) **WORKFORCE agrees to indemnify, defend and hold Client harmless from all claims, payments, demands, damages, expenses and cost, (including court cost and reasonable attorney's fees) arising out of the failure of any WORKFORCE employee (employed by WORKFORCE at its corporate office) to comply with applicable workers' compensation laws and payment of premiums, failure to withhold, deposit and remit applicable payroll taxes or to pay wages to Assigned Employees in a timely manner, providing Client has fulfilled its obligation for payment to WORKFORCE under terms of the Agreement, and for the failure of WORKFORCE to perform any of its obligations under the Agreement. This indemnity expressly excludes and does not cover claims based on, related to or arising out of the acts, omissions, conduct and causes of actions by any Assigned Employee.**
- b) **Client agrees to indemnify, defend and hold WORKFORCE harmless from all claims, payments, demands, damages, expenses, cost, (including court cost and reasonable attorney's fees), injuries, death, actions caused by or arising from the omission, negligence, or intentional acts of Client, its managers, officers, directors and Assigned Employees, violation of any statute, or employment related law or regulation, the goods and services produced by Client, premises, equipment, leakage, pollution or explosion, underground equipment, vehicles and facilities owned, leased, rented or used by Client, third party claim or suit, Client's contractors, vendors and invitees, or failure of Client to fulfill any of its obligations under the Agreement**
- c) Client, its Supervisors and Managers shall give WORKFORCE Human Resource Department notice within twenty four (24) hours of learning of an employment claim, grievance or dispute involving an Assigned Employee(s) to which the indemnification obligation of this Agreement shall apply. Such notice shall be given by calling 1-800-522-9778, followed by a copy of the written claim. The claim may be faxed to 817-868-7210. The indemnifying party shall assume the defense of the indemnified party of such liability or claim, shall pay all cost, expenses, and attorney's fees related thereto, including any settlements and shall select counsel for the defense (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld). If the named parties to the action or proceeding include the indemnifying party and the indemnified party and the representation by the same counsel would be inappropriate, the reasonable expenses of separate counsel for the indemnified party shall be paid by the indemnifying party. The indemnified party may reasonably request and shall cooperate with the indemnifying party in such defense. In cases where insurance is paying for the defense of a claim, an indemnified party shall utilize defense counsel approved by the insurer of the party providing the indemnity. If Client fails to notify

WORKFORCE within the time period above or fails to provide complete written documentation, then, WORKFORCE shall have no responsibility for the matter in question.

6. REGULATORY COMPLIANCE:

A. **WORKFORCE:** WORKFORCE shall be responsible for the following for each employee assigned to Client providing Client has furnished complete, accurate and timely information:

- I) Compliance with all rules and regulations governing the reporting, collection and payment of federal, state and local payroll taxes on wages under this Agreement, including but not limited to, a) federal income tax withholding provisions of the Internal Revenue Code; b) state and or local income tax withholding provisions, if applicable; c) Federal Insurance Contributions Act (FICA); d) Federal Unemployment Tax (FUTA) and applicable state unemployment tax provisions;
- II) If WORKFORCE provides workers' compensation insurance, compliance with applicable state workers' compensation laws, including but not limited to, a) procuring and renewing workers' compensation insurance, b) completing and filing all required reports, and c) administering, managing and otherwise processing claims and related procedures, providing that Client has reported all claims in a timely and complete manner (within 24 hours) including instructing the injured assigned employee to immediately take a post-accident drug test and (d) Client has furnished the correct workers' compensation classifications for the Assigned Employees;
- III) Compliance with Internal Revenue Code 4980B; COBRA for WORKFORCE Group Insurance Plans (if applicable)
- IV) Compliance with Section 1324A(b) of the Immigration Reform and Control Act of 1986, assuming Client has provided all necessary and accurate documents required by law;
- V) Compliance with the Consumer Credit Protection Act. Title III;
- VI) Compliance with the Fair Labor Standards Act (FSLA) providing that Client does not violate the Act by: (a) withholding payment; (b) misclassifying an Assigned Employee as to their exemption from payment of overtime, (c) failure to furnish complete and accurate information by the type of hours worked, (d) the Assigned Employees fail to accurately report all hours worked and such time is not verified by Client including employee's signature or initials on the time sheets or other time keeping documents, (e) Client makes a taxable payment of any kind to an Assigned Employee under the Agreement; and (f) failure of Client to maintain and retain daily time records of hours worked pursuant to FSLA law.
- VII) Compliance with Health Insurance Portability Act (HIPPA) for Workforce sponsored group health insurance policies. Administer WORKFORCE policies of group insurance, including optional voluntary supplemental benefits for Assigned Employees determined by WORKFORCE to be in an eligible class pursuant to the benefit plan. If Client maintains a group insurance policy for the Assigned Employees, Client shall make all decisions regarding the plan. Upon specific written agreement, WORKFORCE will administer Client's Group benefit plan(s) as further defined in Exhibit A, "Optional Services". Client agrees to furnish certain information on its ownership structure, compensation packages of key employees and executives and other employee census information. Client shall warrant that such information to the best of its knowledge is correct and complete;
- VIII) Age Discrimination in Employment Act, (ADE): Consult with Client;
- IX) Title V11 of the Civil Rights Act: Assist Client with the preparation and response to EEO charges. Prepare and file EEO1 annual report;
- X) American with Disabilities Act (ADA): Consult with Client on regulations;
- XI) Family and Medical Leave Act (FMLA): Consult with Client on regulations;
- XII) Occupational Safety and Health Act (OSHA): Prepare OSHA 300 log if Assigned Employees are covered on Workforce workers' compensation policy. Otherwise, consult with Client, upon request, on general matters of workplace safety.
- XIII) Worker Adjustment and Retraining Notification Act (WARN), subject to Client's furnishing WORKFORCE at least ninety (90) days advance notice of a closing or layoff.

B. **CLIENT:** In the management and conduct of its business and in order to protect the safety and welfare of the Assigned Employees, Client is responsible and hereby agrees to comply with the following:

- I) The Occupational Safety and Health Act (OSHA) and related or similar federal and state regulations; including giving WORKFORCE immediate notice of any on the job injuries to Assigned Employees by calling WORKFORCE at 1-800-522-9778. Any fines or citations regarding the safety of the worksite shall be at Client's cost and responsibility. Further, upon notice from WORKFORCE, Client shall correct an unsafe condition within a reasonable period of time considering the particular safety concern;
- II) Government contracting requirements as regulated by, including, but not limited to, a) Executive Order 11246, b) Vocational Rehabilitation Act of 1973, c) Vietnam Era Veteran's Readjustment Act of 1974, d) Walsh-Healy Public Contract Act, e) Davis-Bacon Act, f) the Service Contract Act of 1965, and g) any and all similar, related or like federal, state or local laws, ordinances and statutes;
- III) Professional Licensing and liability requirements;
- IV) Fidelity Bonding requirements;
- V) Internal Revenue Code §§414(m), (n) & (o) for retirement plans. Client acknowledges its obligation to integrate and coordinate terms of any extant Client-sponsored benefit plans so that WORKFORCE's plan remains in compliance with all applicable laws;
- VI) Worker Adjustment and Retraining Notification Act (WARN); including giving WORKFORCE at least ninety (90) days advance written notice of the downsizing or layoff;
- VII) All decisions made by Client under The Fair Labor Standards Act (FLSA), 29 U.S.C. §§ 201 et seq including compliance with Section 6 A (vi);
- VIII) All decisions made by Client under Title V11 of the Civil Rights Act of 1964 as amended, including giving WORKFORCE immediate notice of any complaints of harassment, discrimination, equal opportunity or similar investigation;
- IX) Family and Medical Leave Act (FMLA) including, reporting to WORKFORCE when an Assigned Employee's absence is due to reasons covered by FMLA. Client shall make available fully equivalent opportunities to any Assigned Employee eligible for reinstatement following leave under FMLA. Client shall bear the cost of providing same or equivalent employment opportunities of such eligible Assigned Employees, including the payment of benefit premiums during the leave period;
- X) American with Disabilities Act, (ADA), the Federal Rehabilitation Act or comparable law to any Assigned Employee entitled to such under ADA or comparable law. Client shall bear the sole cost of providing reasonable accommodation including workplace architectural requirements of the law. Client shall give WORKFORCE timely notice when an Assigned Employee requests an accommodation;
- XI) Any State AIDS Act, and any federal, state, county or local law, regulation, ordinances and statues that govern the employer/employee relationship;
- XII) All decisions made by Client under the Age in Discrimination Employment Act (ADE);

7. ADMINISTRATION:

- a) WORKFORCE will prepare and furnish Client an Administrative "Guide" (Guide) on a disc. The Guide shall be used by Client and Supervisors when relating to the Assigned Employees.
- b) Client and WORKFORCE agree to comply with the Client Administrative Guide that may be amended from time to time by WORKFORCE upon written notice to Client.
- c) Client agrees to complete, in a timely manner, all forms and documents submitted to WORKFORCE pertaining to each Assigned Employee regarding their qualifications for employment under applicable laws, prior to employment and submission of payroll hours for issuing a payroll check.
- d) Client shall provide WORKFORCE with complete and accurate payroll information electronically, via the Workforce Web Site. The Client's submission of payroll and/or other payroll data for preparing the Assigned Employee payroll will be Client's certification that such record of time worked is complete and accurate according to Fair Labor Standards (FLSA) and any applicable state law.

- e) WORKFORCE and Client shall provide each other with a copy of any notice, complaint or charge of a government agency concerning Assigned Employees immediately upon receipt of such notice, whether WORKFORCE or a government agency initiates such investigation.
- g) Prior to execution of this Agreement Client has informed WORKFORCE of all EEOC or outstanding employee suits or claims, any employment agreements and benefits and confirm that there are no separate agreements whether written or oral that would obligate WORKFORCE, except as set forth herein.
- h) If any local, state or Federal law requires an Assigned Employee to possess or maintain a special license, Client shall be responsible for compliance and notification to WORKFORCE.
- i) Upon specific written notification to WORKFORCE by Client, WORKFORCE will undertake steps to screen the Assigned Employees using an outside investigative agency. Upon receipt of the report, WORKFORCE will notify Client who shall make the sole determination of its use. WORKFORCE disclaims that the report will meet Client's needs or is suited for a particular purpose.
- j) WORKFORCE shall prepare certain labor management reports generated from its computer system at no additional fee. Such reports are based on input provided by Client for the Assigned Employees. Labor management reports will be posted electronically to Client's designated page(s) on the Workforce website. Client accepts responsibility for safeguarding such mail and internal distribution, as it deems necessary.

8. DEFAULT AND TERMINATION:

- a) Either Party may terminate the Agreement for any material breach by the other Party, except that WORKFORCE shall have the right to immediately terminate the Agreement for failure of Client to i) pay the amounts due in Section 3, ii) provide the required insurance in Section 4b, or iii) maintain safety standards and control workers compensation claims at Client's workplace.
- b) In the event of a termination, the termination date shall be deemed the date in which the breach violation or default occurred notwithstanding the fact that WORKFORCE or Client delivers notice of termination to the other party and the Assigned Employees subsequent to the date of the incident which caused the breach.
- c) Except for the provision for immediate termination provided in this Section 8 (a)(i)(ii)&(iii), the Party desiring to terminate shall give written notice to other of the breach or default. The other Party shall have 7 days in which to cure the default. If the default is not cured, then this Agreement shall be cancelled. The terminating party may recover all damages suffered as a result of the breach.
- d) Upon termination, for any reason, Client shall immediately assume all federal, state and local tax obligations for the Assigned Employees, including but not limited to, employee wages, benefits and workers' compensation insurance. If, after the termination date, WORKFORCE pays wages or benefits to any employee or incurs any expense on an employee's behalf, Client shall fully reimburse WORKFORCE for such expenditures.

9. DISPUTE RESOLUTION: This Agreement shall be governed under the laws of the State of Texas. Any dispute arising out of or in connection with this Agreement, if not otherwise resolved, shall be determined by binding arbitration in Fort Worth Texas, in accordance with commercial rules of the American Arbitration Association under its Commercial Arbitration Rules and under the Federal Arbitration Act. Judgment on the award rendered by the arbitrator (s) may be entered in any court having jurisdiction over either party to the contract. The parties agree that the prevailing party in arbitration and subsequent judicial proceedings on the award be awarded costs and attorney's fees. The arbitrator (s) shall be bound by the substantive law of the State of Texas and the United States; other conflicts of law shall not apply. The Agreement to arbitrate shall survive the termination of this Agreement.

10. ASSIGNMENT: Neither WORKFORCE or Client may assign the Agreement or subcontract work assignment, WORKFORCE or Client shall not be relieved of any liability for the complete performance under the Agreement on the same terms and conditions.

11. DUTIES SURVIVING CANCELLATION OR TERMINATION: All of the obligations and payments of either party to the other that have accrued prior to termination or cancellation shall survive

termination or cancellation. Any obligation of either party to the other of indemnification, defense or holding the other party harmless shall survive termination or cancellation.

12. **MODIFICATION:** This Agreement and the attached exhibits may be modified only by written authorization signed by an authorized representative of both parties.
13. **WAIVER:** Failure of either party at any time to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any subsequent breach and will not affect the effectiveness of this Agreement or any part thereof or prejudice either party as regards to any subsequent action.
14. **ATTORNEY'S FEES:** In the event any action is brought by either party hereto as a result of a breach or default in any provision of the Agreement, the prevailing party in such action shall be awarded attorney's fees and cost incurred by such party in such action in addition to any other relief to which the party may be entitled.
15. **PARTIAL INVALIDITY:** Should any term, warranty, covenant, condition or provision of this Agreement or Exhibit be held to be invalid or unenforceable, the balance of this Agreement shall remain in full force and shall stand as if the unenforceable part did not exist.
16. **PREVIOUS AGREEMENTS:** This Agreement supercedes and cancels all previous Agreements between WORKFORCE and Client regarding the services to be provided hereunder. All previous figures, and proposals submitted by WORKFORCE or Client, either orally or written pertaining to the work covered by this Agreement except those expressly incorporated in the Agreement by reference, are cancelled.

WHEREFORE, the parties hereto have executed this Agreement the day and year first written above.

**THE BOWLES GROUP, INC.
d.b.a. WORKFORCE**

BY: 

ITS: President

THE CITY OF EULESS (CLIENT)

BY: 

ITS: 

EXHIBIT "A" – AGREEMENT

**SCHEDULE OF SERVICE FEES AND OPTIONAL SERVICES
CITY OF EULESS
EFFECTIVE DATE: NOVEMBER 30, 2007**

1. CLIENT'S PAYMENT:

- A. **PAYMENT DUE DATE:** Each Wednesday of the payweek prior to Friday check date, invoice payment due at WORKFORCE'S designated bank account, Chase/JP Morgan Bank, Hurst, Texas. A routing number will be provided for the wire transfer.
- B. **WORKFORCE INVOICE:** WORKFORCE will notify Client the amount to pay on Tuesday prior to check date of each pay period.
- C. **PAYMENT METHOD:** Federal wire transfer
- D. **LATE PAYMENT PENALTY FEE:** A late payment fee of 5% of the invoice amount will be assessed on the next payroll invoice for any late payments beyond the due date.
- E. **DEPOSIT:** Waived

2. WORKFORCE SERVICE FEE AND PAYMENT:

- A. **SERVICE FEES:** Service Fee percentage rate (%) in A (i) includes: payroll taxes, State unemployment insurance, workers compensation, paycheck delivery cost, and WORKFORCE Administration.
 - i) **WORKFORCE Service Fee Rate:**
21.95%
 - ii) **New Employee Set Up Fee** - \$5 per employee that includes one (1) CD Rom for each location with all WORKFORCE forms, compliance review and administration of new employee paperwork and initial set up. A set up fee of \$25 per employee is applicable if WORKFORCE is to supply hard copies of the employment forms.
 - ii) Client shall reimburse WORKFORCE each pay period for all wages, salaries, including overtime, bonuses, commissions, holiday pay, vacation, sick pay, benefits, sales taxes (if any), other applicable amounts and WORKFORCE Administration in 2-A (i & ii).

3. OTHER SPECIAL SERVICES AND FEES:

- A. **Special Paycheck(s) Request** - \$25.00 each plus overnight (express) mail charge, if any. Required when done during a non-payroll processing period:
- B. **Late Reporting Expedition Fees** – a) Payroll hours need to be submitted prior to 10:00am Central Standard Time (CST) on the designated payroll processing day. The service fee to expedite late reporting of payroll hours is \$5 per employee, \$30 per location maximum. All locations for the client must be submitted in order to process payroll and b) A late reporting fee of \$500 per claim may be applicable if Client fails to notify WORKFORCE within 24 hours or (Monday by 10:00 if accident happens over weekend or holiday) of an employee's on the job injury, pursuant to insurance requirements and state laws regarding reporting of claims.

