DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

Agreement No. _____

AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND HINDERLITER, DE LLAMAS COMPANIES

This Agreement is entered into this _____ day of _____ , 2022, by and between the County of San Mateo, a political subdivision of the state of California, hereinafter called "County," and Hinderliter de Llamas Companies, hereinafter called "Contractor."

* * *

Whereas, pursuant to Section 31000 of the California Government Code, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of sales tax auditing and consulting service; and

Whereas, pursuant to Board Resolution 066528, adopted March 2, 2004, the County authorized the County Executive, County Controller, and the County's then-contracted sales tax auditor, Hinderliter, de Llamas and Companies to access confidential sales or transactions and use tax records from the California Department of Tax and Fee Administration to perform all functions incident to the administration and collection of local sales transactions and use taxes; and

Whereas, it is necessary for Hinderliter, de Llamas and Companies ("HdL"), as an authorized representative of the County, to examine confidential sales or transactions and use tax records of the California Department of Tax and Fee Administration ("CDTFA") pertaining to sales or transactions and use tax collected by CDTFA for the County; and

Whereas, Section 7056 of the California Revenue and Taxation Code sets forth the certain requirements and conditions for the disclosure of CDTFA records, and Section 7056.6 of the California Revenue and Taxation Code establishes criminal penalties for the unlawful disclosure of information contained in, or derived from sales or ~~and~~ transactions and use tax records of the CDTFA;

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services
Exhibit B—Payments and Rates
Exhibit C—Cal. Rev. & Tax §7056 Compliance
Attachment I—§ 504 Compliance

2. Services to be performed by Contractor

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for County in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A and Exhibit C.

3. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, County shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. County reserves the right to withhold payment if County determines that the quantity or quality of the work performed is unacceptable. In no event shall County's total fiscal obligation under this Agreement exceed one million dollars ($1,000,000). In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the County at the time of contract termination or expiration. Contractor is not entitled to payment for work not performed as required by this agreement.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from October 1, 2022 through June 30, 2025.

5. Termination

This Agreement may be terminated by Contractor or by the County Executive or designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or County funds by providing written notice to Contractor as soon as is reasonably possible after County learns of said unavailability of outside funding.

County may terminate this Agreement for cause. In order to terminate for cause, County must first give Contractor notice of the alleged breach. Contractor shall have five business days after receipt of such notice to respond and a total of ten calendar days after receipt of such notice to cure the alleged breach. If Contractor fails to cure the breach within this period, County may immediately terminate this Agreement without further action. The option available in this paragraph is separate from the ability to terminate without cause with appropriate notice described above. In the event that County provides notice of an alleged breach pursuant to this section, County may, in extreme circumstances, immediately suspend performance of services and payment under this Agreement pending the resolution of the process described in this paragraph. County has sole discretion to determine what constitutes an extreme circumstance

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

for purposes of this paragraph, and County shall use reasonable judgment in making that determination.

6. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Contractor under this Agreement shall become the property of County and shall be promptly delivered to County. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

7. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of County and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of County employees.

8. Hold Harmless

a. General Hold Harmless

Contractor shall indemnify and save harmless County and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

(A) injuries to or death of any person, including Contractor or its employees/officers/agents;

(B) damage to any property of any kind whatsoever and to whomsoever belonging;

(C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or

(D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County and/or its officers, agents, employees, or servants. However, Contractor's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

9. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without County's prior written consent shall give County the right to automatically and immediately terminate this Agreement without penalty or advance notice.

10. Insurance

a. General Requirements

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by County's Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish County with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to County of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. Workers' Compensation and Employer's Liability Insurance

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. Liability Insurance

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

(a) Comprehensive General Liability……$1,000,000

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

County and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to County and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the County or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, County, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

11. Compliance With Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

12. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County upon request.

c. Section 504 of the Rehabilitation Act of 1973

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

Contractor shall comply with all laws relating to the provision of benefits to its employees and their spouses or domestic partners, including, but not limited to, such laws prohibiting discrimination in the provision of such benefits on the basis that the spouse or domestic partner of the Contractor's employee is of the same or opposite sex as the employee.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60–741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Contractor certifies that no finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other investigative entity. If any finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other investigative entity, Contractor shall provide County with a written explanation of the outcome(s) or remedy for the discrimination prior to execution of this Agreement. Failure to comply with this Section shall constitute a material breach of this Agreement and subjects the Agreement to immediate termination at the sole option of the County.

g. Reporting; Violation of Non-discrimination Provisions

Contractor shall report to the County Executive Officer the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or the Section titled "Compliance with Laws". Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Executive Officer, including but not limited to the following:

i. termination of this Agreement;
ii. disqualification of the Contractor from being considered for or being awarded a County contract for a period of up to 3 years;
iii. liquidated damages of $2,500 per violation; and/or
iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Executive Officer.

To effectuate the provisions of this Section, the County Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and County.

h. Compliance with Living Wage Ordinance

As required by Chapter 2.88 of the San Mateo County Ordinance Code, Contractor certifies all contractor(s) and subcontractor(s) obligated under this contract shall fully comply with the provisions of the County of San Mateo Living Wage Ordinance, including, but not limited to, paying all Covered Employees the current Living Wage and providing notice to all Covered Employees and Subcontractors as required under the Ordinance.

13. Compliance with County Employee Jury Service Ordinance

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

requirements of Chapter 2.85 do not apply unless this Agreement's total value listed in the Section titled "Payments", exceeds two-hundred thousand dollars ($200,000); Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value exceeds that threshold amount.

14. Retention of Records; Right to Monitor and Audit

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after County makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by County, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by County.

(c) Contractor agrees upon reasonable notice to provide to County, to any Federal or State department having monitoring or review authority, to County's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

15. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

16. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

17. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of County, to:

Name/Title:	Robert Manchia, County Chief Financial Officer
Address:	400 County Center, First Floor, Redwood City, CA 94063
Telephone:	(650) 363-4597
Email:	rmanchia@smcgov.org

In the case of Contractor, to:

Name/Title:	Andy Nickerson, President/CEO
Address:	120 S. State College Blvd., Ste 200, Brea, CA 92821
Telephone:	(714) 879-5000
Email:	anickerson@hdlcompanies.com

18. Electronic Signature

Both County and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

* * *

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

For Contractor: Hinderliter, de Llamas and Companies

DocuSigned by:
Andy Nickerson
0B5C4373E7444A9...

Contractor Signature	Date	Contractor Name (please print)
	8/29/2022	Andy Nickerson

COUNTY OF SAN MATEO

By:

President, Board of Supervisors, San Mateo County

Date:

ATTEST:

By:

Clerk of Said Board

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

Exhibit A

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

Contractor will monitor the following revenues on behalf of the County:

- Bradley-Burns Local Sales Tax
- Use Tax
- Transactions and use Tax (Measure K; originally Measure A)
- Proposition 172 Public Safety Sales Tax

A. Sales, Use or Transactions and Use Tax and Economic Analysis

1. Contractor shall provide a special database that identifies the name, address and quarterly allocations of the major sales tax producers within the County commencing with the date of this Agreement. Major sales tax producers are those businesses meeting a quarterly revenue threshold determined by County. The major sales tax producers database should be designed to identify and categorize the commercial activities of these businesses. The database should also include total sales tax receipts for each business category identified by the California Department of Tax and Fee Administration (CDTFA). This database will be utilized to generate special reports to the County on: major sales tax producers by rank and category, analysis of sales tax activity by category and business districts or redevelopment areas specified by County, analysis of reporting aberrations, and per capita and outlet comparisons with statewide sales.

2. Contractor shall provide updated reports each quarter identifying changes in sales by major sales tax producers and by category; area growth and decline comparisons; and current graphics, tables, and top 100 listings. Quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments should be identified.

3. Contractor shall provide annual reports for the County identifying historical sales, use and transactions tax growth comparisons with state, county, selected County averages and C.P.I. indices; top producer listings and make up and volatility of the economic base. Annual reconciliation worksheets to assist the Finance Officers with budget forecasting should also be provided.

4. Contractor shall make available and accessible to County staff the computer program and database containing sellers' permit information for all in-county business outlets registered with CDTFA. In addition, contractor shall process for County the monthly registration and allocation files provided by the CDTFA. Printouts of registration changes and dollars allocated by business name and number should be available upon request from these files on a monthly basis.

B. Allocation Audit and Recovery

1. Contractor shall conduct sales, or transactions and use tax audits in order to identify and correct “point-of-sale” distribution errors and thereby generate previously unrealized sales, transactions and use tax income for the County. Common errors that will be monitored and corrected include but are not limited to: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; misreporting of “point of sale” from the wrong location; delays in reporting new

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

outlets; misidentifying transactions as use tax rather than a sales tax; and erroneous fund transfers and adjustments.

2. Contractor shall initiate contacts with the appropriate sales management and accounting officials in companies that have businesses, where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a manner to encourage local business retention and expansion.

3. Contractor shall prepare and submit to CDTFA all information necessary to correct any allocation errors that are identified and follow-up with the individual businesses and CDTFA to ensure that all back quarter payments due the County are recovered.

C. Ongoing Consultation

1. Contractor shall work with and provide ongoing consultation services to County on questions related to tenant mix alternatives for maximum sales tax returns, provide sales tax projections on specific projects for County budget purposes; and provide sample reports, letters and programs to enhance the sales tax base through improved economic development efforts.

2. Contractor shall provide technical support, as requested by the County, including technical seminars for County staff on California sales and use tax processes. To support County audit efforts, the seminars will cover the fundamentals for sales tax and use auditing as well as techniques and procedures in working with CDTFA and taxpayers in the identification and correction of errors. Similar seminars will be conducted on the understanding and use of the data for maximizing the County's economic objectives for staff and/or other groups or officials involved in economic development.

3. Contractor shall provide ongoing updates in new legislation and regulatory proposals that may impact the County's revenues.

4. Contractor shall provide materials on use tax maximization.

5. Contractor's Economic Development staff shall work with the County in formulating steps to capitalize on near-term opportunities, evaluate areas for redevelopment and work to develop a plan that is right for the County.

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

Exhibit B

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, County shall pay Contractor based on the following fee schedule and terms:

A. Contractor shall be paid 15% of all new sales and use tax revenue received by the County (including reimbursement from the sales and use tax compensation fund outlined in Section 97.68 of the Revenue and Taxation Code) as a result of audit and recovery work performed by Contractor (hereafter referred to as "audit fees"). For recovery of other sales and/or use tax revenue, including but not limited to Public Safety Sales Tax (Prop. 172), 1991 Realignment Sales Tax or 2011 Realignment Sales Tax, that are the direct result of formulaic errors by CDTFA or the State Controller's Office, Contractor shall be paid at the lesser of a) the aforementioned 15% rate; or b) the rate charged to other California counties under agreement with the Contractor. New sales and/or use tax revenue shall not include any amounts determined by County or Contractor to be increment attributable to causes other than Contractor's work pursuant to this agreement. In the event that Contractor is responsible for an increase in the tax reported by businesses already properly making tax payments to the County, it shall be the Contractor's responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit fee. Said audit fees will apply to State fund transfers received for back quarter reallocations and monies received for the first eight consecutive reporting quarters following completion of the audit by Contractor, and confirmation of corrections by CDTFA. Contractor shall provide County with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.

   Contractor shall obtain County approval prior to beginning the work of correcting tax reporting methodology on "point of sale" misallocations for specific businesses where said payment of the percentage fee will be expected. Said approval shall be accomplished by the County Executive or designee on the Sales Tax Audit Authorization form. County shall pay audit fees upon Contractor's submittal of evidence of State fund transfers and payments to County from businesses identified in the audit and approved by the County.

   The above sum shall constitute full reimbursement to Contractor and cover all direct and indirect costs incurred by Contractor under this agreement, including: salaries of Contractor's employees; travel expenses connected with contacting local and out-of-state businesses and CDTFA representatives; quarterly reports; software; and optional monitoring of the County's various transaction taxes.

B. Contractor shall be paid a 25% contingency fee against retroactive transactions, including Measure K Half-Cent Sales Tax, and use tax adjustments only (no prospective billing). Audit fees will be billed only after the completion of the audit, submittal of corrections to CDTFA and receipt of revenue by County.

In no event shall the County's financial obligation for this Agreement exceed $1,000,000 for the term of the Agreement.

DocuSign Envelope ID: C2A2D379-7068-45D2-8475-8107BFB0E39E

Exhibit C

SECTION 7056 – CONFIDENTIALITY REQUIREMENTS

Section 7056 of the State of California Revenue and Taxation code specifically limits the disclosure of confidential taxpayer information contained in the records of the California Department of Tax and Fee Administration. This section specifies the conditions under which a County may authorize persons other than County officers and employees to examine State Sales, Use and Transactions Tax records.

The following conditions specified in Section 7056 (b)(1) of the State of California Revenue and Taxation Code are hereby made part of this Agreement:

1. Contractor is authorized by this Agreement to examine sales, use or transactions and use tax records of the California Department of Tax and Fee Administration provided to County pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law and Transactions and Use Tax Law.

2. Contractor is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the County who is authorized by resolution provided to CDTFA to examine the information.

3. Contractor is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.

4. Contractor is prohibited from retaining the information contained in, or derived from those sales or transactions and use tax records, after this Agreement has expired.

Contractor acknowledges and agrees that the information that Contractor obtains by examination of California Department of Tax and Fee Administration records shall be used for the purposes related to the County's collection of local sales or transactions and use taxes or for other governmental functions of the County as set forth by the attached resolution pursuant to Section 7056(b) of the Revenue and Taxation Code.