

SECOND AMENDMENT TO AGREEMENT DATED DECEMBER 13, 2011

This Second Amendment to Agreement between HINDERLITER, DE LLAMAS AND ASSOCIATES, hereinafter called "CONTRACTOR", and the County of San Mateo hereinafter called "COUNTY" (collectively the "Parties"), is entered into this ____ day of _____, 2013.

WHEREAS, the Parties previously entered into an Agreement dated December 13, 2011, which was approved by the County Board of Supervisors by Resolution No. 071740 on that same date, pursuant to which Contractor agreed to perform certain sales and use tax analyses, as well as sales and use tax recovery and consulting services for an amount not to exceed \$500,000; and

WHEREAS, following execution of the Agreement, the Parties were informed by the State Board of Equalization that said Agreement was required to include the provisions of California Revenue & Taxation Code section 7056; and

WHEREAS, the Parties have on May 8, 2012 entered into an Amendment to Agreement Dated December 13, 2011 in order to incorporate the confidentiality requirements of California Revenue & Taxation Code section 7056 into their Agreement;

WHEREAS, Contractor is a party authorized by Resolution No. 066528 (adopted March 2, 2004) to access confidential sales and use tax records from the State Board of Equalization for the County's behalf;

WHEREAS, on July 31, 2012, the County Board of Supervisors adopted Ordinance No. 04630 which codifies a One-Half Cent Retail Transactions (Sales) and Use Tax in Chapter 5.152 of the San Mateo County Ordinance Code, and voters approved this tax via "Measure A" in November 2012; and

WHEREAS, the Parties desire for Contractor to perform the sales and use tax analyses and sales and use tax recovery and consulting services (provided pursuant to the Agreement dated December 13, 2011) with respect to the taxes collected pursuant to the Retail Transactions (Sales) and Use Tax codified in Chapter 5.152 of the San Mateo County Ordinance Code.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. "Exhibit "A" Agreement Between County of San Mateo and Hinderliter, De Llamas & Associates" is hereby amended to include Paragraph D, as set forth below:

D. One-Half Cent Retail Transactions (Sales) and Use Tax (Chapter 5.152 of the San Mateo County Ordinance Code)

The services described in Exhibit A shall be provided by Contractor with respect to all County sales or transactions and use tax, including all tax authorized by the One-Half Cent Retail Transactions (Sales) and Use Tax codified by Chapter 5.152 of the San Mateo County Ordinance Code.

2. "Exhibit "B" Agreement Between County of San Mateo and Hinderliter, De Llamas & Associates" is hereby amended to include Paragraph B, as set forth below:

B. Contractor shall be paid 25% of all new transactions or use tax revenue received by the County as a result of audit and recovery work performed by Contractor (hereafter referred to as "audit fees") for Measure A Half-Cent Retail Transactions (Sales) and Use Tax. New revenue shall not include any amounts determined and verified 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 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 those specific quarters identified as being missing and/or deficient following completion of the audit by Contractor and confirmation of corrections by the State Board of Equalization. Contractor shall provide County with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.

Contractor shall obtain prior approval from County for each specific business where payment of the percentage fee will be expected. Said approval shall be deemed given when the County Manager or his designee signs a Work 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.

There will be no additional costs to the County for reports or projections of Measure A Half-Cent Retail Transactions (Sales) and Use Tax prepared by the Contractor.

3. All other terms and conditions of the Agreement dated December 13, 2011 as amended by the May 8, 2012 Amendment to Agreement Dated December 13, 2011, shall remain in full force and effect. The Agreement dated December 13, 2011, as amended by the May 8, 2012 Amendment and this Second Amendment, authorizes Contractor, on behalf of the County, to examine County sales and transactions and use tax records from the State Board of Equalization.

4. This Second Amendment constitutes the entire understanding of the parties hereto with respect to the second amendment to the Parties' December 13, 2011 Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. Any understandings, promises, negotiations, or representations between the Parties not expressly stated in this document are not

binding. All subsequent modifications shall not be effective unless set forth in a writing and executed by both parties.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: _____
John L. Maltbie, County Manager

Date: _____

HINDERLITER, DE LLAMAS & ASSOCIATES

By: _____
President, Hinderliter, De Llamas & Associates

Date: _____